In the name of Allah
the most
Compassionate and Merciful

NNNNVV ESB074MJC032
RR RUQMHR
DE RUSBQD #7850 1931045
ZNY CCCCC ZZH
R 121030Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 3860
INFO RUMJDK/AMEMBASSY DACCA 3388
RUQMRA/AMEMBASSY JIDDA 809
RUSBKR/AMCONSUL KARACHI 8312
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDON 4121
RUEHMO/AMEMBASSY MOSCOW 1409
RUSBAE/AMEMBASSY NEW DELHI 1072
ZEN/AMCONSUL PESHAWAR
RUQMHR/AMEMBASSY TEHRAN 5338
BT
C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 7850

E.O. 12065: N/A
TAGS: PINT, SHUM, PK
SUBJ:(U) STUDENTS MARCH ON DAILY "MUSLIM"

REFS(A) ISLAMABAD [illegible] (B) ISLAMABAD 7631

1. (U) THE NEW AND REFRESHINGLY OUTSPOKEN ENGLISH LANGUAGE DAILY "MUSLIM" MADE ITS OWN FRONT PAGE JULY 12 WHERE IT REPORTED BEING THE VICTIM OF AN ATTACK BY STUDENT ACTIVISTS ASSOCIATED WITH THE CONSERVATIVE ISLAMIC JAMIAT-E-TULABA. ACCORDING TO THE ARTICLE 100 STUDENTS FROM QUAID-I-AZAM UNIVERSITY ARRIVED IN A UNIVERSITY OWNED BUS ON JULY 10 (A HOLIDAY ON WHICH ONLY A SKELETON STAFF WAS WORKING). THE STUDENTS SHOUTED OBJECTIONABLE SLOGANS, INSULTED A FEMALE REPORTER AND "STORMED" THE FIRST FLOOR OFFICES OF THE PAPER.

2.(U) ACCORDING TO THE ARTICLE THE GROUP STAYED AT THE "MUSLIM" OFFICES FOR APPROXIMATELY 30 MINUTES AND TRIED TO BREAK INTO THE EDITORIAL AREA OF THE PREMISES. THROUGHOUT THE "HOOLIGANISM" A JEEP-LOAD OF POLICE STOOD BY WATCHING BUT NOT STOPPING THE STUDENTS. IT ALSO REPORTS THAT THE STUDENTS WHO STORMED THE "(9/.7)8." WERE THE SAME WHO HAD PREVIOUSLY PICKETED THE U.S. AND INDIAN EMBASSIES(REFA).

3.(LOU) COMMENT: THIS "ATTACK" WAS TOTALLY IGNORED BY THE URDU AND OTHER ENGLISH-LANGUAGE PAPERS ON THE

POL
Chg
ECON
RF
Chron

MORNING OF JULY 12(NOT PUBLISHED JULY 11, DUE TO TGDAY).
THE GOP-CONTROLLED "ISTAN TIMES" CARRIED A SMALL ARTICLE
NOTING THE ANTI-SKYLAB DEMONSTRATION AT THE AMERICAN EMBASSY ON
JULY 10 BUT DID NOT MENTION ONWARD MOVEMENT OF THE DEMONSTRATORS

--THE ATTACK CAME ON THE DAY DESIGNATED BY SHIA LEADERS
AS A "DAY OF PROTEST" OVZR THEIR "MISTREATMENT" AT THE
HANDS OF THE MAJORITY SUNNIS (REFB). TO US IT SEEMS
NO COINCIDENCE THAT THE STRONGLY SUNNI-ORIENTED JAMIAT-I-
TULABA SHOULD CHOOSE THE SHIAS DAY OF PROTEST TO STAGE
AN ATTACK ON A SHIA-OWNED NEWSPAPER.HHE INTERSTING
THING IS THAT THE "MUSLIM" FAILED TO CONNECT THE TWO IN
THEIR REPORTING THE STORY; PERHAPS SEEING NOTHING TO BE
GAINED BY STIRRING UP SECTARIAN FRICTIONS. KING
BT
#7850

* U.S. GOVERNMENT PRINTING OFFICE: 1977—227-323

VV ESA715WJC99
RR RUQMHR
DE RUSBKR #4043 1961045
ZNY CCCCC ZZH
R 150704Z JUL 79
FM AMCONSUL KARACHI
TO RUEHC/SECSTATE WASHDC 5923
INFO RUSBAY/AMCONSUL BOMBAY 722
RUMJGM/AMEMBASSY COLOMBO 671
RUSBQD/AMEMBASSY ISLAMABAD 8396
RUSBQD/AMCONSUL LAHORE 6209
RUSBQD/AMCONSUL PESHAWAR POUCH
RUMJHT/AMEMBASSY KATHMANDU 490
RUSBAE/AMEMBASSY NEW DELHI 3553
RUQMHR/AMEMBASSY TEHRAN 2745 -
RUHGSGG/COMIDEASTFOR
RUHHHMA/CINCUSARPAC
RUHVAAA/CINCPACAF
RHHMBRA/CINCPACFLT
RUHQHQA/CINCPAC/OSD
RUSBLK/AMEMBASSY KABUL 3939
BT
C O N F I D E N T I A L

15 Jul 79 12 12z

RSO
Chrono
Adm
Chron

LIMITED OFFICIAL USE KARACHI 4043

EO 12065 NA
TAGS: AEMR OGEN CGEN
SUBJ: EMERGENCY AND EVACUATIONS: ESTIMATED NUMBER OF POTENTIAL EVACUEES AND PRIVATE AMERICANS RESIDING ABROAD. (REPORT F-77)

REF: (A) STATE 76 A-2898, (B) STATE 170897

PART I: ESTIMATED NUMBER OF POTENTIAL EVACUEES

-. DOD PERSONNEL - 10

2. DEPENDENTS OF DOD PERSONNEL - 9

3. OTHER USG PERSONNEL - 52

4. DEPENDENTS OF USG PERSONNEL - 100

5. RESIDENT AMERICANS - 395

6. AMCIT TOURISTS:
3RD QTR 150
4TH QTR 170
1ST QTR 200
2ND QTR 215

7. OTHER POTENTIAL EVACUEES - 35

8. TOTAL: 771

PART II: PRIVATE AMERICANS RESIDING ABROAD

A. BUSINESSMEN - 11

B. EMPLOYEES - 35

C. STUDENTS (18 YEARS AND OLDER) - 5

D. MISSIONARIES/CLERGY - 41

E. DEPENDENTS OF ABOVE - 60

F. RETIRED AND THEIR DEPENDENTS - 0

G. OTHERS - 60

H. TOTAL OF ALL PRIVATE RESIDENTS IN DISTRICT - 212

BRIMS

BT
#4043

NNNNZVH VV ESA745MJC211
PP RUQMHR
DE RUSBQD #7900 1961210
ZNY CCCCC ZZH
P R 151116Z JUL 79
FM AMEMBASSY ISLSMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 3883
INFO RUQMGU/AMEMBASSY ANKARA 4154
RUQMAT/AMEMBASSY ATHENS 254
RUMJPG/AMEMBASSY BEIJING 572
RUFHOL/AMEMBASSY BONN 613
RUMJGM/AMEMBASSY COLOMBO 1738
RUMJDK/AMEMBASSY DACCA 3390
RUFHGV/AMCONSUL GENEVA 1120
RUMJDH/AMCONSUL HONG KONG 1371
RUQMRA/AMEMBASSY JIDDA 811
RUSBLK/AMEMBASSY KABUL 9442
RUMJHT/AMEMBASSY KATHMANDU 1748
RUSBKR/AMCONSUL KARACHI 8315
ZEN/AMCONSUL LAHORE POU
RUDTC/AMEMBASSY LONDON 3
RUEHMO/AMEMBASSY MOSCOW 1411
RUSBAE/AMEMBASSY NEW DELHI 1083
ZEN/AMCONSUL PESHAWAR POUCH
RUEHRO/AMEMBASSY ROME 620
RUQMHR/AMEMBASSY TEHRAN 5339
RUEHDT/USUN NEW YORK 1814
BT
C O N F I D E N T I A L ISLAMABAD 7900

16 Jul 79 13 51z

Pol
Ch G
Econ
RF
Chron

PACOM FOR POLAD; GENEVA FOR US/UNHCR

E.O. 12065: RDS-4 7JUL 1979 (HAGERTY, H.G) OR-P
TAGS: SREF PGOV PK AF
SUBJECT: (U) AFGHAN REFUGEE TOTAL UP ANOTHER 25,000

REFS: (A) ISLAMABAD 6718 (B) STATE 181724 (C) ISLAMABAD 7277

1. (U) PAKISTAN GOVERNMENT HAS RELEASED NEW FIGURES FOR NUMBER OF AFGHAN REFUGEES NOW IN PAKISTAN; TOTAL NOW APPROXIMATE 125,000 AND GOING UP. BY PROVINCE THE NUMBERS BREAK DOWN AS FOLLOWS: BALUCISTAN-39,616; NORTH WEST FRONTIER PROVINCE-85,068. RISE IN NUMBERS INDICATES THAT THE FLOW IS CONTINUING AT ABOUT THE SAME 5000-PLUS PER WEEK PACE OF MAY 1979.

2. (C) INFORMED BALUCHI CONTACT OF CONSULATE KARACHI TOLD ACTING PRINCIPAL OFFICER AND POLCOUNS IN KARACHI ON 14 JULY THAT MOVE IS NOW UNDERWAY BY GOP TO SHIFT AS MANY AS 25,000 OF THE AFGHAN REFUGEES IN BALUCISTAN NOT JUST AWAY FROM THE AFGHAN BORDER AREA BUT OUT OF THE PROVINCE ALTOGETHER. HE INDICATED REFUGEES WILL BE SETTLED IN CAMPS IN WESTERN PUNJAB, WHICH IS NEWS TO US BUT WE ARE CHECKING FURTHER.

KING

BT
#7900

NNNNVV ESA960ESA945MJC038
OO RUQMHR
DE RUSBQD #8015 1981006
ZNY CCCCC ZZH
O R 170915Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUSBAE/AMEMBASSY NEW DELHI IMMEDIATE 1094
RUEHC/SECSTATE WASHDC PRIORITY 3925
INFO RUQMGU/AMEMBASSY ANKARA 4155
RUMJPG/AMEMBASSY BEIJING 573
RUMJGM/AMEMBASSY COLOMBO 1741
RUMJDK/AMEMBASSY DACCA 3397
RUQMRA/AMEMBASSY JIDDA 812
RUSBLK/AMEMBASSY KABUL 8450
RUSBKR/AMCONSUL KARACHI 8338
RUMJHT/AMEMBASSY KATHMANDU 1753
ZEN/AMCONSUL LAHORE 6451
RUDTC/AMEMBASSY LONDON 4128
RUEHMO/AMEMBASSY MOSCOW 1412
ZEN/AMCONSUL PESHAWAR POUCH
RUQMHR/AMEMBASSY TEHRAN 5341
RUHQHQA/CINCPAC HONOLULU HI
BT
C O N F I D E N T I A L

17 Jul 79 12 15z

Chrono
Econ
Chron
RF

LIMITED OFFICIAL USE ISLAMABAD 8015

CINCPAC FOR POLAD

E.O. 12065: NA
TAGS: PEPR PGOV SOPN PK IN
SUBJECT: PAKISTAN REACTION TO FALL OF DESAI GOVERNMENT

REF: NEW DELHI 12437

1. THE REACTION IN PAKISTAN TO EVENTS IN NEW DELHI IS ONE OF WATCHFUL WAITING, WITH NOT A LITTLE ANXIETY FELT ABOUT THE SUDDEN TURN OF EVENTS WHICH HAS TURNED THE KNOWN AND FRIENDLY DESAI GOVERNMENT INTO A NEW QUESTION MARK FOR PAKISTANI POLICY-MAKERS. NO GOP SPOKESMAN HAS MADE ANY COMMENT, AND NONE IS EXPECTED.

2. PRESS COVERAGE OF THE DELHI DRAMA IS EXTENSIVE AND ESSENTIALLY FACTUAL, WITH NEITHER OF THE LEADING CANDIDATES MENTIONED AS POSSIBLE SUCCESSORS TO DESAI--JAGJIVAN RAM OR CHARAN SINGH--CHARACTERIZED IN ANY TERMS WHICH WOULD SUGGEST HIS SUCCESSION WOULD BE INIMICAL TO PAKISTAN'S INTERESTS OR INDO-PAK AMITY. LITTLE MENTION IS MADE OF JANA SANGH OR OTHER JANATA COMPONENTS.

3. EDITORIALLY, THE TWO LEADING URDU-LANGUAGE PAPERS, JAN AND NAWA-I-WAQT--ALWAYS MORE SENSITIVE TO EVENTS IN INDIA THAN THE ENGLISH-LANGUAGE PRESS BECAUSE URDU IS THE LANGUAGE OF THOSE WHO CAME TO PAKISTAN IN 1947--COMMENTED HOPEFULLY ON 17 JULY. JANG SUGGESTS THAT ALTHOUGH HINDU-MUSLIM RIOTS OF THIS YEAR AND LAST "BADLY TARNISHED" THE IMAGE OF THE DESAI GOVERNMENT, DESAI'S TIME AT THE HELM IN DELHI HAS BEEN A PERIOD OF INCREASED MUTUAL COOPERATION AND FRIENDLY RELATIONS BETWEEN INDIA AND PAKISTAN; INDIA'S NEXT PRIME MINISTER "MUST FOLLOW DESAI'S POLICIES VIS-VIS PAKISTAN," JANG SAYS, OMITTING IN THIS HOPE THE CUSTOMARY "INSHALLAH" THAT USUALLY ACCOMPANIES SUCH EXPRESSIONS HERE.

4. NAWAI-I-WAQT ALSO COMMENTS FAVORABLY ON THE DESAI PERIOD AND EXPRESSES THE HOPE THAT HIS SUCCESSOR WILL FOLLOW DESAI'S POLICIES. IN AN ASIDE OBVIOUSLY DIRECTED AT THE PAKISTAN NATIONAL ALLIANCE (PNA), THE NEAREST PAKISTANI POLITICAL EQUIVALENT TO THE INDIAN JANATA, NAWAI-I-WAQT SUGGESTS THAT THE FALL OF THE DESAI GOVERNMENT CARRIES WITH IT THE MORAL THAT "AN ALLIANCE BASED ON POLITICAL EXPEDIENCY IS ALWAYS SHORT-LIVED AND EVENTUALLY BREAKS UP."

HUMMEL

BT
#8015

VV ESA192M:926

19 JUL 79 06 03Z

PP RUQMHR
DE RUSBQD #8088 2000515
ZNY SSSSS ZZH
P 190422Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WA DC PRIORITY 3966
INFO RUQMGU/AMEMBASSY ANKARA 4158
RUMJPG/AMEMBASSY BEIJING 575
RUFHOL/AMEMBASSY BONN 617
RUMJGM/AMEMBASSY COLOMBO 1744
RUMJDK/AMEMBASSY DACCA 3402
RUDKGPQ/AMEMBASSY THE HAGUE 194
RUQMRA/AMEMBASSY JIDDA 815
RUSBLK/AMEMBASSY KABUL 8455
RUDTC/AMEMBASSY LONDON 4132
RUEHMO/AMEMBASSY MOSCOW 1413
RUSBAE/AMEMBASSY NEW DELHI 1103
RUFNPS/AMEMBASSY PARIS 3132
RUQMHR/AMEMBASSY TEHRAN 5345
RUEHKO/AMEMBASSY TOKYO 520
RUQMTI/AMEMBASSY TRIPOLI 128
RUFHAU/AMEMBASSY VIENNA 242
RUEHDT/USUN NEW YORK 1815
RUHQHQA/CINCPAC HONOLULU HI
BT
S E C R E T ISLAMABAD 8088

NOFORN

E.O. 12065: XDS-2 18 JULY 09 (HAGERTY, H.G.) OR-P
TAGS: MNUC, PARM, PEPR, PGOV, PK, US
SUBJECT: (S) PAKISTANI PUBLIC RELATIONS CAMPAIGN ON NUCLEAR I

REFS: (ALL NOTAL): (A) TOKYO 12663 (B) TRIPOLI 1125
(C) ISLAMABAD 7888 (D) ISLAMABAD 7512

1. (S - ENTIRE TEXT).

2. EVIDENCE IN WIDELY SCATTERED PLACES (REFS A AND B) OF PAKISTANI DENIALS OF NUCLEAR WEAPONS PROGRAM ACCUSATIONS AND EFFORT TO "SET RECORD STRAIGHT" ARE CLEARLY FIRST MANIFESTATION OF GOP DECISION -- TAKEN AT WEEK-LONG PAK CHIEFS OF MISSION CONFERENCE OVER WHICH PRESIDENT ZIA UL-HAQ PRESIDED IN ISLAMABAD IN EARLY JULY (REF. C). DRUMBEAT WILL OBVIOUSLY CONTINUE.

3. SENSITIVE SRF REPORTING ON PROCEEDINGS OF COM CONFERENCE SUGGESTS THAT THIS IS A DELIBERATE GOP SMOKESCREEN AND THAT WHILE MANY PARTICIPANT COM PRIVATELY DOUBTED THE TRUTH OF THE GOP LINE ON THIS SUBJECT, FEW WERE CONCERNED ABOUT GOP NUCLEAR PLANS.

HUMMEL

BT
#8088

NNNNVV ESA251MJC106
PP RUQMHR
DE RUSBQD #8102 2001000
ZNY CCCCC ZZH
P 190837Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 3972
RUSBAE/AMEMBASSY NEW DELHI PRIORITY 1104
INFO RUQMGU/AMEMBASSY ANKARA 4159
RUMJPG/AMEMBASSY BEIJING 576
RUMJGM/AMEMBASSY COLOMBO 1745
RUMJDK/AMEMBASSY DACCA 3403
RUQMRA/AMEMBASSY JIDDA 816
RUSBLK/AMEMBASSY KABUL 8456
RUMJKT/AMEMBASSY KATHMANDU 1758
RUSBKR/AMCONSUL KARACHI 8352
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDON 4134
ZEN/AMCONSUL PESHAWAR
RUQMHR/AMEMBASSY TEHRAN 5346
RUHQHQA/CINCPAC HONOLULU HI
BT
C O N F I D E N T I A L ISLAMABAD 8102

19 JUL 79

CINCPAC FOR POLAD

E.O. 12065: GDS 19 JULY 85 (HAGERTY, G.G.) OR-P
TAGS: PINT, PEPR, PGOV, SHUM, PK, IN
SUBJECT: (C) ZIA UL-HAQ, ELECTIONS, AND THE INDIAN SITUATION

REFS: (ALL NOTAL): (A) ISLAMABAD A-49 (B) ISLAMABAD 7706
(C) ISLAMABAD 5223 (D) NEW DELHI 12615 (E) ISLAMABAD
8048

1. (U) ALL ENGLISH-LANGUAGE PAPERS REPORT THIS MORNING A SHORT PAKISTAN WIRE SERVICE GIST OF COMMENTS MADE BY PRESIDENT ZIA UL-HAQ IN A RECENT INTERVIEW WITH NEWSWEEK'S TONY CLIFTON. SUBJECTS ADDRESSED INCLUDED GENERAL AND LOCAL BODIES POLLS, THE BHUTTO WOMEN, THE PAKISTAN PEOPLES PARTY (PPP), AND THE GENERAL'S OWN FUTURE.

2. (U) IN HIS REMARKS, ZIA:
-- REAFFIRMED HIS RESOLVE TO HOLD GENERAL ELECTIONS THIS YEAR, EVEN IF THAT MEANS PUTTING OFF HIS CHERISHED HOPES OF HOLDING ELECTIONS BEFOREHAND TO DISTRICT AND MUNICIPAL COUNCILS (REF. A);
-- ADMITTED THAT THERE ARE CONDITIONS -- INTERNAL DISORDER OR EXTERNAL THREAT -- WHICH COULD EFFECT THE ELECTION SCHEDULE, BUT SAID HE FORESEES NO SUCH CONDITIONS AT THE MOMENT;
-- REASSERTED HIS FAITH IN THE LOCAL BODIES SYSTEM HE HAS OFFERED AS A MEANS OF GETTING DEMOCRACY FUNCTIONING AT THE GRASS ROOTS LEVEL, BUT TOOK NOTE OF UNANIMOUS OPPOSITION FROM THE NATION'S POLITICIANS WHO, HE SAID, APPEAR TO HIM TO WANT TO GET THEMSELVES ELECTED FIRST AT THE NATIONAL LEVEL SO AS TO BE ABLE TO INFLUENCE THE OUTCOME OF LOCAL BODIES POLLS;
-- PLEDGED THAT THE PPP WILL HAVE FULL FREEDOM TO PARTICIPATE IN THE ELECTIONS; HE CLAIMED CREDIT

FOR RESTORING THE SUPREMACY OF THE LAW IN THE COUNTRY, AND HE ADDED THAT IF SOMEONE CONSIDERS HIM A TRAITOR OR USURPER, THAT PERSON WOULD BE FREE TO TRY HIM, EVEN SEND HIM TO THE GALLOWS;

-- SUGGESTED THAT THE RELEASE FROM DETENTION OF BHUTTO'S WIFE NUSRAT AND DAUGHTER BENAZIR DID NOT MEAN THEY ARE ABSOLVED FROM "ACCOUNTABILITY;" HE SPECIFIED NO CHARGE AGAINST BENAZIR BUT NOTED THAT NUSRAT IS INVOLVED ALREADY IN DISQUALIFICATION PROCEEDINGS BECAUSE OF MIS-USE OF POWER;

-- PROPHESIED HIS OWN RETIREMENT AFTER ELECTIONS, NOTING HE COULD LEGALLY STAY ON THROUGH MARCH 1980 AS CHIEF OF ARMY STAFF (COAS) BUT OPINING THAT IT WOULD BE BETTER FOR AN ELECTED GOVERNMENT TO APPOINT A NEW COAS.

3. (C) COMMENT: WE HAVE NOT YET SEEN THE FULL NEWSWEEK INTERVIEW BUT REPORT THIS ONLY BECAUSE IT IS WHAT THE OFFICIAL PRESS SERVICE HERE GISTED FOR PAKISTANI EYES. MUCH OF WHAT ZIA SAID HE HAS SAID BEFORE; THUS THESE COMMENTS REFLECT MAINLY AN UPDATED PUBLIC REASSERTION, WITH THE ONE EXCEPTION OF HIS WAVERING VIEWS ON LOCAL BODIES POLLS.

4. (C) THERE HAVE BEEN RECENT HINTS THAT THE PRESIDENT HAS BEEN CONSIDERING HOW BEST TO WRIGGLE BACK FROM THE LONG THIN BRANCH HE HAD CRAWLED OUT ONTO WITH HIS EARLY COMMITMENT TO LOCAL BODIES POLLS. BEFORE NATIONAL ELECTIONS. THERE HAS EVEN BEEN SPECULATION THAT HE WOULD BE PREPARED TO BARTER AWAY THE LOCAL BODIES POLLS ISSUE IN RETURN FOR AN EASING OF POLITICIANS' PRESSURES ON THE MORE SENSITIVE BUDGET ISSUE (REF B), WHICH APPEARS IN ANY EVENT TO BE ABATING SOMEWHAT. WHETHER PART OF SUCH A DEAL OR NOT, THE POLITICIANS WILL BE QUICK TO PICK UP HIS WILLINGNESS TO BACK AWAY ON THE LOCAL BODIES POLLS ISSUE WHICH THEY NTINUE TO FEAR FOR THE PRECISE REASONS ZIA IN CATES (REF C).

5. (C) STILL TO BE ASSESSED IS THE IMPACT OF INDIAN DEVELOPMENTS ON THE POLITICAL SCENE HERE. THE MOOD IS SOBER AND WATCHFUL; THERE IS A CERTAIN SADNESS IN SEEING THE FAMILIAR MORARJI DESAI GO DOWN, MIXED WITH A MEASURE OF ANXIETY ABOUT THE IMPLICATIONS OF HIS FALL AND PERHAPS A LITTLE SATISFACTION THAT INDIA TO HAS PROBLEMS. IF, AS NOW SEEMS PROBABLE FROM THE PRESS ACCOUNTS HERE, THE INDIAN PRESIDENT IS EMBARKED ON A PROCESS OF DEMONSTRATING THAT NO OTHER LEADER CAN COMMAND A MAJORITY BEFORE DECIDING IN FAVOR OF MID-TERM POLLS, THAT COULD HAVE IMPORTANT RIPPLES HERE. MOST OF OUR CONTACTS SUGGEST THAT AN INDIAN DECISION TO GO TO THE POLLS SOME TIME IN THE NEXT 8 WEEKS WOULD MAKE IT EVER MORE DIFFICULT FOR PRESIDENT ZIA UL-HAQ OR HIS COLLEAGUES AND POLITICAL SUPPORTERS TO CONTEMPLATE A FURTHER DELAY IN NATIONAL POLLS HERE IN PAKISTAN -- ALMOST IRRESPECTIVE OF THE ACTUAL ELECTION RESULTS IN INDIA.

HUMMEL

BT
#8102

RSO
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23 JUL 79 12 32Z

TTLVVV ESA641MJC662
[illegible]MHR
[illegible]QD #8231 2041145
[illegible]CCC ZZH
[illegible]1030Z JUL 79
[illegible]MBASSY ISLAMABAD
[illegible]HC/SECSTATE WASHDC IMMEDIATE 4017
[illegible]BUSBAY/AMCONSUL BOMBAY 479
[illegible]M/AMEMBASSY COLOMBO 1749
[illegible]K/AMEMBASSY DACCA 3409
[illegible]K/AMEMBASSY KABUL 9468
[illegible]R/AMCONSUL KARACHI 8379
[illegible]/AMEMBASSY KATHMANDU 1760
[illegible]/AMCONSUL LAHORE
[illegible]/AMEMBASSY NEW DELHI 1119
[illegible]/AMCONSUL PESHAWAR
[illegible]/AMEMBASSY TEHRAN 5349
[illegible]AAB/CINCUSAFE RAMSTEIN AB
[illegible]AAA/CINCUAREUR HEIDELBERG
[illegible]NA/CINCUSNAVEUR LONDON
[illegible]AA/COMEDEASTFOR
[illegible]CC/COMSIXTHFLT
[illegible]KA/NAVSUPPACT NAPLES
[illegible]AAA/USCINCEUR VAIHINGEN

[illegible]N F I D E N T I A L

[illegible]IED OFFICIAL USE ISLAMABAD 8231

[illegible]. 12065 N/A
[illegible]: AMER, OGEN, CGEN
[illegible]: EMERGENCY AND EVACUATIO: ESTIMATED NUMBER OF POTENTIAL
[illegible]EES AND PRIVATE AMERICANS RESIDING ABROAD (FY-79)

[illegible]: STATE A-2898

[illegible]N LIMITED OFFICIAL USE
[illegible]: 1: ESTIMATED NUMBER OF POTENTIAL EVACUEES

[illegible]OD PERSONNEL: 25

2. DEPENDENTS OF DOD PERSONNEL: 34
3. OTHER USG PERSONNEL: 89

4. DEPENDENTS OF USG PERSONNEL: 162

5. AMERICAN RESIDENTS 339(ACTUALLY REGISTERD 292)

6. AMERICAN TOURISTS:

3RD QTR	4TH QRT	1QTR	2ND QTR
20	8	8	8

7. OTHER POTENTIAL EVACUEES: 20

8. TOTAL: 689

END LIMITED OFFICIAL USE/BEGIN UNCLASSIFIED:

PART II: PRIVATE AMERICAN RESIDING ABROAD

A. BUSINESSMEN: 19

B. EMPLOYEES 14

C. STUDENTS (OVER AGE 18): 0
N
X
T MISSIONARIES: 40

3. DEPENDENTS OF ABOVE: 104

F. RETIRED AND THEIR DEPENDENTS: 72

G. OTHERS: 90(SCHOOL TEACHERS AND THEIR DEPENDENTS; UNREGISTERED DEPENDENTS OF PAKISTAN NATIONALS)

H. TOTAL: 339

HUMMEL

BT
#8231

PoL
Chg
Econ
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Chron

NNNNVV ESB103MJC327
RR RUQMHR
DE RUSJHD #8265 205745
ZNY CCCCC ZZH
R 240523Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4030
RUSBLK/AMEMBASSY KABUL 9472
INFO RUHQHQA/CINCPAC HONOLULU HI
RUMJPG/AMEMBASSY BEIJING 579
RUMJGM/AMEMBASSY COLOMBO 1750
RUMJDK/AMEMBASSY DACCA 3411
RUMJHT/AMEMBASSY KATHMANDU 1761
RUSBKR/AMCONSUL KARACHI 8390
ZEN/AMCONSUL LAHORE
RUEHMO/AMEMBASSY MOSCOW 1479
RUSBAE/AMEMBASSY NEW DELHI 1125
ZEN/AMCONSUL PESHAWAR
RUQMHR/AMEMBASSY TEHRAN 5350
BT
C O N F I D E N T I A ISLAMABAD 8265

PACOM FOR POLAD

E.O. 12065 RDS-1 24 JULY 1989(HAGERTY, H.G.) OR -P
TAGS: PEPR, PROG,HPBOR, PK, AF
SUBJ: (C) SHAHI VISIT TO KABUL NOT LIKELY BEFORE SEPTEMBER

REF: ISLAMABAD 7368

1.(C)-ENTIRE TEXT; PROTECT FGI.

2. IN HIS COMMENTS TO ME ON AFGHAN SITUATION DURING OUR MEETING ON 23 JULY, FONSEC SHAHNAWAZ CONFIRMED IN ALL PARTICULARS VERSION OF HIS TALKS WITH AFGHAN DEPUTY FOREIGN MINISTER DOST PREVIOUSLY PROVIDED TO US BY MFA DIRECTOR GENERAL AMIR USMAN. HE OBERVED THAT REASON FOR LACK OF FINAL COMMUNIQUE WAS INABILITY OF BOTH SIDES TO AGREE ON WORD TO DESCRIBE THE NOW MORE THAN 140, AFGHANS WHOM HE CLAIMS HAVE CROSSED OVER INTO PAKISTAN SINCE APRIL 1978. DOST INSISTED ON USING WORD "FUGITIVES;" PAK SIDE WOULD NOT ACCEPT THAT BUT FOUND ALL OTHER FORMULATIONS REJECTED BY DOST. FONSEC SAID HE TOLD DOST IT MATTERS LITTLE WHAT YOU CALL THEM; THEY HAVE FLED AFGHANISTAN THEIR NUMBERS ARE LARGE AND INCREASING, AND THEY ARE A BURDNE ON PAKISTAN.

3. FONSEC SPCULATED THAT AGHA SHAHI VISIT TO AFGHANISTAN CANNOT NOW TAKE PLACE BEFORE RAMAZA AND

INDICATED AT ANOTHER POINT IN THE COVERSATION THAT AGHA SHAHI WOULD BE TIED UP IN THE NAM SUMMIT IN HAVANA FROM 1 SEPTEMBER ONWARD. THAT SEEMS TO ME TO LEAVZ LITTLE TIME FOR A SHAHI VISIT TO KABUL UNTIL SOME TIME IN MID-TO-LATE SEPTEMBER. HUMMEL
BT
#8265

25 Jul 79 03 10Z

POL
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NNNNVV ESB100MJC322
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DE RUSBQD #8266 205735
ZNY CCCCC ZZH
R 240527Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4031
INSZ RUMJPG/AMEMBASSY BEIJING 580
RUDKRB/WMEMBASSY BELGRADE 113
RUMJGM/AMEMBASSY COLOMBO 1751
RUMJDK/AMEMBASSY DACCA 412
RUQMRA/WMEMBASSY JIDDA 18
RUDTC/AMEMBASSY LONDON 4139
RUEHMO/AMEMBAYSY MOSCO
1420
RUSBAE/AMEMBWBSY NEW DELHI 1126
RUFNPS/AMEMBASSY PARIS 3140
RUQMHR/AMEMBASSY TEHRAN 5351
RUEHUB/USINT HAVANA 06
BT
C O N F I D EN T I A L ISLAMABAD 8266

E.O. 12065: RDS-1 23 JULY 85 (HAGERTY, H.G.) OR-P
TAGS: PORG, PEPR, OVIP, PK, US
SUBJ:(C) PRESIDENT ZIA UL-HAQ TO ATTEND HAVANA NAM SUMMIT

REF: ISLAMABAD 7830(NOTAL)

1.(C) ENTIRE TEST; PROTECT FGI.

2. DURING MY CALL ON FOREIGN SECRETARY SHAHNAWAZ JULY 23 ON OTHER MATTERS, I BN-:#3$ 3;34-) 95#34 5908:, AMONG THEM THE FORTHCOMING NON-ALIGNED SUMMIT IN HAVANA.

3. FONSEC TOLD ME THAT PAKISTAN WILL BE SENDING MUCH THE SAME TEAM TO HAVANA IT HAD SENT TO COLOMBO, I.E., AMBASSADORS AKHUND, NAIK, AND SAQIB TO THE OFFICIALS-LEVEL MEETINGS IN LATE AUGUST AND FOREGIN ADVISOR AGHA SHAHI TO THE FOREIGN MINISTERS' GATHERING ON ABOUT 1 SEPTEMBER. HE THEN SAID THAT PRESIDENT ZIA UL-HAQ WILL ATTEND THE SUMMIT MEETING BEGINNING AROUND 4 SEPTEMBER AND RUNNING UNTIL ABOUT THE 7TH.

4. TO MY QUESTION ON WHETHER OR NOT A FORMAL DECISION HAD BEEN MADE ON ZIA'S ATTENDANCE, FONSEC SIMPLY SMILED AND SAID IT IS "IMPERATIVZ" THAT HE GO " NOW THAT WE WILL BE FULL MEMBERS" OF THE NAM. A CUBAN MINISTER,

HE SAID, WILL BE VISITING PAKISTAN SOON WITH THE FORMAL INVITATION.

5. COMMZNT: AS DEPARTMENT IS AWARE, ZIA'S WIFE AND TWO DAUGHTERS ARE IN WASHINGTON IN CONNECTION WITH MEDICAL TREATMENT AT CHILDRENS HOSPITAL FOR THE YOUNGER OF THE GIRLS. THEY ARRIVED IN MID-JULY FOR WHAT WAS TO BE A STAY OF ABOUT 45 DAYS, I.E., UNTIL ABOUT 1 SEPTEMBER. THERE HAS ALSO BEEN SPECULATION THAT ZIA MIGHT WISH TO VISIT THEM WHILE IN THE UNITED STATES. I WOULD HAZARD THAT THERE NOW IS A SERIOUS POSSIBILITY THAT ZIA WILL TRANSIT THE UNITED STATES -- POSSIBLY WASHINGTON -- ON HIS WAY TO HAVANA, HEITHER TO VISIT WITH HIS FAMILY (WND PRESUMABLY AMERICAN OFFICIALS AS WELL) OR TO PICK THEM UP TO TEFE THSVVZITH HIM TO HAVANA. HUMMEL
BT
#8266

26 Jul 79 03 11Z

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NNNNVV ESB133MJC022
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F RUSBQD #8356 2061100
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TO RUEHC/SECSTATE WASHDC 4058
INFO RUMJGM/AMEMBASSY COLOMBO 1756
RUMJDK/AMEMBASSY DACCA 3417
RUSRLK/AMEMBASSY KABUL 9483
RUMJKT/AMEMBASSY KATEMANDU 1767
RUSBKR/AMCONSUL KARACHI 8407
RUN/AMCONSUL LAHORE
RUN/AMCONSUL PESHAWAR
RUDTC/AMEMBASSY LONDON 4144
RUMJMA/AMEMBASSY MANILA 1360
RUSBAE/AMEMBASSY NEW DELHI 1135
RUFNPS/AMEMBASSY PARI 7145
RUQMHR/AMZMBASSY TEHR 5355
BT
C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 8356

MANILA FOR ADB
PARIS ALSO RIS C

E.O. 12065: N/A
TAGS: EFIN, EEAID, EAGR, PK
SUBJ: (U) KHURSHID AHMED REVIEWS THE FFY 1979/80 BUDGET

MANILA FOR ADB
PARIS ALSO FOR OECD

1. ON JULY 22, PROFESSOR KHURSHID AHMZD, FORMER MINISTER AND DEPUTY CHAIRMAN OF THE PLANNING COMMISSION AND NOW HEAD OF THE NEWLY CREATED INSTITUTE FOR POLICY STUDIES, MADE PUBLIC HIS ANALYSIS AND RECOMMENDATIONS ON THE FFY 1979/80 BUDGET. PROFESSOR KHURSHID'S REPORT REFLECTS BOTH HIS TRAINING AS AN ECONOMIST AND HIS FUNDAMENTALIST ISLAMIC VIEW OF TH WORLD. IN THE COURSE OF ADVOCATING A NEW ECONOMIC STRATEGY FOR PAKISTAN BASED ON GROWTH WITH EQUITY TO BE BROUGHT ABOUT BY A REDISTRIBUTION OF WEALTH, A RETURN TO A MORE AUSTERE MODE OF LIFE, A COMMITMENT TO INDIVIDUAL INITIATIVE AND ENTERPRISE, AND AN EMPHASIS ON SOCIAL WELFARE AND BASIC HUMAN NEEDS, HE MANAGES TO COME UP WITH THE MOST COGENT CRITICISM OF THE BUDGET TO DATE AND SEVERAL MORE-OR-LESS COGENT IDEAS. HE CRITICIZ

THE BUDGET AS EXTRAVAGANT IN ORDINARY EXPENDITURES, CONTINUNING THE POLICIES OF PREVIOUS REGIMES IN DEVELOPMENT SPENDING AND FOLLOWINGHAN ANTIQUATED TAX AND IMPORT POLICY WHICH DOES NOT CURB LUXURY CONSUMPTION AND PUTS MOST OF THE BURDEN ON THOSE WHO CAN LEAST AFFORD TO PAY. ON A MORE STRICTLY ISLAMIC NOTE, THE REPORT CALLS THE BUDGET AN "ANTI-CLIMAX TO THE DECLARATION OF THE 12TH RABI-UL-AWWAL" (THE ANNOUNCED INTRODUCTION OF NIZAM-I-ISLAM IN PAKISTAN) ESPECIALLY WITH REGARD TO THE ISLAMIC CONTRIBUTIONS OF ZAKAT AND USHR, WHICH KHURSHID BELIEVES SHOULD HAVE A PLACE IN AN ISLAMIC-ORIENTED FISCAL SYTEM, AND INTEREST FREE BANKING WHICH IS NOT ADDRESSED IN THE BUDGET. HOWEVER, THE REPORT ALSO IS SILENT AS TO HOW THESE THINGS COULD BE BROUGHT INTO THE BUDGET. THE RECOMMENDATIONS IN THE REPORT CONCENTRATE HEAVILY ON THE EXPENDITURE SIDE OF THE BUDGET, REFLECTING PROFESSOR KHURSHID'S DESIRE TO CUT DOWN ON WHAT HE BELIEVES IS WASTEFUL AND BADLY-DISTRIBUTED CONSUMPTION. HE THINKS CUTS IN SPENDING TOTALING RS. 6 BILLION AND MOBILIZAT OF RESOURCES THROUGH THE INCENTIVES TO THE PRIVATE SECTOR MIGHT REDUCE THE RS. 11.1 BILLION RESOURCE GAP TO RS. 2-2.5 BILLION.

2. KHURSHID AHMED RECOMMENDS CUTTING NON-DVELOPMENT EXPENDITURE (ORDINARY EXPENDITURE) BY ABOUT RS. 2 BILLION FROM RS. 29.1 BILLION TO RS. 27.1 BILLION. WHILE RECOGNIZING THE IMPORTANCE OF DEFENSE, HE NEVERTHELESS RECOMMENDS THAT DEFENSE SPENDING, WHICH CONSTITUTES OVER 40 PERCENT OF ORDINARY EXPENDITURES, BE REDUCED BY 2 PERCENT (RS. 235 MILLION) AS A SHOW OF ARMY ACCEPTANCE OF THE NEED TO REDUCE SPENDING IN GENERAL. HE WOULD SUBJECT ALL OTHER LINE ITEMS TO AN ARBITAR 10 PERCENT ACROSS THE BOARD CUT, SAVING RS. 275 MILLION, WHILE ALSO REDUCING SUBSIDIES BY RS. 725 MILLION BY REDUCING THE WHEAT SUBSIDY STILL FURTHER AND BY ELIMINATING THE SUBSIDY ON AGRICULTURAL INPUTS TO FARMS OF GREATER THAN 25HACRES. REGARDING SUBSIDIES, HE SAYS THAT "THERE IS VERY LITTLE ECONOMIC OR SICIAL JUSTIFICATION FOR SUBSIDIES IN PAKISTAN". HOWEVER, HE DOES ADVOCATE A MODIFICATION OF THE FERTILIZER SUBSIDY IN THE DEVELOPMENT BUDGET WHICH, AS WITH OTHER SUBSIDIES IN THE ORDINARY BUDGET, WOULD CONTINUE SUBSIDIES TO SMALL FARMERS, WHILE CUTTING RS. 97#; .8LLION FROM THE DEVELOPMENT BUDGET. (HOWEVER, LEAVING ASIDE THE MERITS OF A TWO TIERED PRICING SYSTEM, THE ADMINISTRATIVE PROBLEMS ASSOCIATED WITH GIVING THE SUBSIDY ON AGRICULTURAL INPUTS TO SMALL FARMERS ONLY WOULD BE ENORMOUS AND PROBABLY COSLD NOT BE DONE.) HE ALSO NOTES THAT CIVIL ADMINISTRATION AS A PERCENT OF CURRENT

FACTOR COST GNP IS MORE THAN TWICE THAT OF INDIA AND MANY TIMES GREATER THAN OTHER DEVELOPING COUNTRIES.
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26 JUL 79 03 08Z

NNNNVV ESB121MJC981
RR RUQMHR
DE RUSBQD #8356/2 2061145
ZNY CCCCC ZZE
R 251002Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4059
INFO RUMJGM/AMEMBASSY COLOMBO 1757
RUMJDK/AMEMBASSY DACCA 3418
RUSBKR/AMCONSUL KARACHI 8408
RUSBLK/AMEMBASSY KABUL 9484
RUMJHT/AMEMBASSY KATHMANDU 1768
RUDTC/AMEMBASSY LONDON 4145
RUMJMA/AMEMBASSY MANILA 1361
RUSBAE/AMEMBASSY NEW DELHI 1136
RUFNPS/AMEMBASSY PARIS 3146
RUQMHR/AMEMBASSY TEHRAN
ZEN/WMCONSUL LAHORE
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C O N F I D E N T I A L
LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD

MANILA FOR ADB

PARIS ALSO FOR OECD

3. HE RECOMMENDS THAT DEVELOPMENT SPENDING BE HELD TO LAS YEAR'S LEVEL OF RS. 19 BILLION BY A COMBINATION OF 1) AN ACROSS THE BOARD CUT OF 5 PERCENT, OR RS.1.1 BILLION, 2) A RS. 2 BILLION REDUCTION SPREAD AMONG VARIOUS PROJECTS, INCLUDING THE STEEL MILL AND FERTILIZER AND CEMENT PLANTS, ALONG WITH SOME PROJECTS DEEMZD INAPPROPRIATE IN A TIME OF AUSTERITY SUCH AS THE ISLAMABAD SPORTS COMPLEX AND VARIOUS OTHER BUILDINGS. AND 3) THE REDUCTION OF THE FERTILIZER SUBSIDY MENTIONED ABOVE. DURING A PRESS CONFERENCE ON JULY 22, PROFESSOR KHURSHID EMPHASIZED HIS OPINION THAT MOST OF THE CUTS HE PROPOSED COULD BE MADE BY IMPROVING PROJECT ADMINISTRATION WITHOUT AFFECTING THE PHYSICAL PROGRESS OF THE PROJECTS. HE SAID THAT IN HIS TIME AS DEPUTY CHAIRMAN OF THE PLANNING COMMISSION, HE HAD SEEN ENOUGH WASTE, AND CORRUPTION TO KNOW THAT A GREAT DEAL OF MONEY COULD BE SAVZD ON DEVELOPMENT BUDGET SIMPLY BY MORE CAREFUL MONITORING OF VARIOUS PROJECTS.

4. PROFESSOR KHURSHID ESTIMATES THE TOTAL INFLATIONARY IMPACT THE TAX PACKAGE INTRODUCED WITH THE BUDGET AT 25-30 PERCENT AND SAYS THAT IN "SELECTING THE ITEMS ON WHICH

TAXES HAD TO BE IMPOSED, THE BUDGET FRAMERS HAVE PUT THEIR FINGERS ON THOSE GOODS AND SERVICES WHICH AFFECT THE COMMON MAN". HE GOES ON TO CONDEMN THE IMPORT POLICY(ISLAMABAD 7510) AS NOT RESTRICTING LUXURY CONSUMPTION AND THE BUDGET AS INCREASING PAKISTAN'S DEPENDENCE ON FOREIGN AID AT A TIME WHEN THE TRADE DEFICIT IS INCREASING AND INTERNATIONAL DONOR COUNTRIES ARE BECOMING MORE RELUCTANT TO INCREASE AID TO PAKISTAN. HE DOES NOT MAKE ANY QUANTITATIVE RECOMMENDATIONS TO ALLEVIATE THE RESOURCE PROBLEM BUT SAYS THAT THE PRIVATE SECTOR SHOULD BE GIVEN INCENTIVES TO FACILITIATE DOMESTIC RESOURCE MOBILIZATION AND ATTRACT MORE REMITTANCES FROM OVERSEAS PAKISTANIS. IF NEW TAXES SHOULD BECOME NECESSARY, THERE SHOULD BE AN EXTENSIVE REFORM OF TOTAL TAX POLICY TO MAKE ASSESSMENT MORE ACCURATE AND MAKE TAXES MORE PROGRESSIVE. HIS REPORT DOES NOT, HOWEVER, DISCUSS OR RENOMMEND AN AGRICULTURAL INCOME TAX WHICH COULD GO A LONG WAY TOWARDS REDUCING THE RESOURCE GAP.

5. COMMENT: HIS REPORT SAYS SOME OF THE THINGS THE INTERNATIONAL COMMUNITY HAS BEEN TELLING THE GOP ABOUT EXPANSIVE GOVERNMENT SPENDING, TOO MANY SUBSIDIES, AND OVER RELIANCE ON FOREIGN RESOURCES. THE REPORT'S RECOMMENDATIONS ON SPENDING PICK ON SOME OBVIOUS TARGETS, ALTHOUGH SOME ARE PROBABLY NOT PRACTICAL. ON THE RESOURCES SIDE, HE'S LESS SPECIFIC. LIKE MOST OF THE BUDGET CRITICS, KHURSHID WOULD LIKE TO SEE A BUDGET WITHOUT TAX INCREASES(ESPECIALLY INCREASES THAT HIT THE POOR, I.E., ALMOST EVERYONE) BUT HIS PROPOSALS TO ACHIEVE THIS END, BASED ON INVESTMENT INCENTIVES, ARE NOT CONVINCING AS A WAY TO MOBILIZE PRIVATE RESOURCES IN THIS TIME OF POLITICAL AND ECONOMIC UNCERTAINTY. END COMMENT.

6. COPIES OF A 35-PAGE SUMMARY OF PROFESSOR KHURSHID'S REPORT BEING POUCHED TO NEA/PAB, INR/REC, EB/OMA AND TREASURY, OASIA(MC[illegible]DEN). HUMMEL
BT
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RR RUQMHR 26 JUL 79 03 0
DE RUSBQD #8361 2Ø61159
ZNY CCCCC ZZH
R 251Ø55Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4Ø62
INFO RUMJDK/AMEMBASSY DACCA 35Ø
RUQMRA/AMEMBASSY JIDDA 823
RUSBLK/AMEMBASSY KABUL 9486
RUSBKR/AMCONSUL KARACHI 8411
RUSBAE/AMEMBASSY NEW DELHI 1183
RUQMHR/AMEMBASSY TEHRAN 5357
ZEN/AMCONSUL LAHORE
ZEN/AMCONSUL PESHAWAR
BT
C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 8361

EO 12Ø65 N/A
TAGS: PINT, PGOV, EGEN, SHUM, PK
SUBJ: SHIA MINORITY RESISTANCE TO SUNNI-ORIENTED ISLAMIZATION CONTINUES

REF: (A) ISLAMABAD 7631, (B) ISLAMABAD 72Ø1, (C) KARACHI A-37, (D) LAHORE A-9

1. PAKISTANI URDU PRESS JULY 24 REPORTS THE SUNNI-DOMINATED SOCIAL WELFARE LEVIES "ZAKAT" AND "USHR" (REFTEL A) WILL NOT BE PROMULGATED IN THE NEAR FUTURE DUE TO CONTINUED RESISTANCE FROM THE MINORITY SHIA COMMUNITY.

2. COMMENT: THE REPORT APPEARS TO HAVE SUBSTANCE TEND TO, IN FACT, REPRESENT (AT LEAST TEMPORARY) SUCCESS IN THE SHIA PROGRAM OF RESISTANCE TO ISLAMIZATION ALONG EXCLUSIVELY SUNES.

3. ACCORDING TO SHIA SOURCES, THE ZAKAT AND USHR PROGRAM IS BEING RECONSIDERED BY THE COP'S COUNCIL ON ISLAMIC IDEOLOGY(CII) FROM WHICH THE PROPOSAL WILL BE BUCKED BACK TO THE CABINET FOR RECONSIDERATION. THE PROCESS MAY NOT SUBSTANTIVELY CHANGE THE PROGRAM BUT IS AN EFFECTIVE "HOLDING OPERATION" WHICH PUTS OFF ANY POSSIBLE IMPLEMENTATION UNTIL MUCH CLOSER TO PROMISED ELECTIONS. AS THE POLITICAL PROCESS GETS INTO FULL-SWING, THE SHIAS APPARENTLY FEEL, THE SUNNI PROPOSALS MAY BECOME TOO HOT A POLITICAL ISSUE TO BE PUSHED SERIOUSLY BY THE MLA. IT REMAINS TO BE SEEN WHETHER

[redacted]

THIS SHIA TACTIC WILL BE ULTIMATELY SUCCESSFUL, BUT IN STALLING FOR TIME IT HAS ALREADY WORKED. END COMMENT.
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NNNNVV ESA254MJC293
RR RUQMHR
DE RUSBQD #8446 2100630
ZNY CCCCC ZZH
R 290540Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4101
INFO RUMJPG/AMEMBASSY BEIJING 584
RUDKRB/AMEMBASSY BELGRADE 114
RUMJGM/AMEMBASSY COLOMBO 1761
RUSBLK/AMEMBASSY KABUL 9493
RUSBKR/AMCONSUL KARACHI 8418
RUDTC/AMEMBASSY LONDON 4148
RUEHMO/AMEMBASSY MOSCOW 1425
RUSBAE/AMEMBASSY NEW DELHI 1145
RUQMHR/AMEMBASSY TEHRAN 5360
RUHQHQA/CINCPAC HONOLULU HI
RUEHUB/USINT HAVANA 007
ZEN/ AMCONSUL LAHORE (POUCH)
ZEN/AMCONSUL PESHAWAR (POUCH)
BT
C O N F I D E N T I A L

29 Jul 79 09 48z

LIMITED OFFICIAL USE ISLAMABAD 8446

E.O. 12065: N/A
TAGS: PEPR, PORG, PK, CU
SUBJECT: CUBAN MINISTER VISITS

REF: ISLAMABAD 8266 (NOTAL)

1. (U) ANTONIO ESQUIVAL, THE CUBAN MINISTER FOR CHEMICAL INDUSTRIES AND PRESIDENT CASTRO'S SPECIAL ENVOY, ARRIVED IN PAKISTAN JULY 27. EWQUIVAL MET WITH PAKISTANI FOREIGN ADVISOR AGHA SHAHI IN KARACHI ON THE 27TH THEN PROCEDDED TO ISLAMABAD THAT EVENING.

2. (U) AGHA SHAHI TOLD THE PRESS AFTER HIS MEETING WITH EWQUIVA THAT THEIR TALKS CONCERNED BOTH THE AGENDA FOR THE HAVANA MEETING AND PAK-CUBA BILATERAL RELATIONS. THE ONLY SPECIFIC POINT HE MENTIONED WAS THE AGREEMENT TO GRANT ACCREDITATION OF THE CUBAN AMBASSADOR IN BEIJING TO ISLAMABAD AS WELL.

3. (U) AGHA SHAHI TOLD THE PRESS HE WILL ATTEND THE HAVANA MEETING, ARRIVING DURING THE FINAL WEEK OF AUGUST.

4. (U) EWQUIVAL DINED WITH PRESIDENT ZIA UL-HAQ IN RAWALPINDI ON JULY 28 WHERE HE REPORTEDLY ASSURED ZIA OF CUBA'S SUPPORT FOR PAKISTAN'S MEMBERSHIP IN THE NAM. HE DELIVERED TO ZIA THE LETTER FROM CASTRO WHICH -- ALTHOUGH NO DETAILS WERE GIVEN -- APPARENTLY MADE THE SAME COMMITMENT.

5. (LOU) COMMENT: PAKISTAN'S DETERMINATION TO GAIN FUL NAM MEMBERSHIP IS STRONG AND AGHA SHAHI'S EARLY ARRIVAL AT HAVANA I INDICATIVE OF HIS DECISION TO DO ALL POSSIBLE TO ASSURE A SMOTH ENTRY INTO THE GROUP.

6. (LOU) THE VISIT BY THE CUBAN DELEGATION WA LAID-ON WITH SHOR NOTICE, ACCORDING TO AN MFA OFFICIAL WHO COMPLAINED TO EMBOFF JULY 27 THAT THE PROTOCOL ARRANGEMENTS WERE MADE ONLY HOURS BEFORE THE ARRIVAL OF EAQUIVAL AND FOUR OTHER CUBANS, END COMMENT.

HUMMEL

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FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 4108
INFO RUMJGM/AMEMBASSY COLOMBO 1763
RUMJDK/AMEMBASSY DACCA 3425
RUSBLK/AMEMBASSY KABUL 9496
RUMJHT/AMEMBASSY KATHMANDU 1773
RUSBKR/AMCONSUL KARACHI 8421
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDLK GURORO
RUMJMA/AMEMBASSY MANILA 1362
RUSBAE/AMEMBASSY NEW DELHI 1147
RUFNPS/AMEMBASSY PARIS 3152
ZEN/AMCONSUL PESHAWAR
RUQMHR/AMEMBASSY TEHRAN 5361
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29 Jul 79 12 16z

ECON
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LIMITED OFFICIAL USE ISLAMABAD 8466

MANILA FOR ADB
PARIS ALSO FOR OECD

E.O. 12065: N/A
TAGS: EFIN, EAID, EAGR, PK
SUBJ(U) ZIA CHANGES THE BUDGET A LITTL

REF: (A) ISLAMABAD 8414, (B) ISLAMABAD 8460

1. IN A SERMONIZING SPEECH ON THE MUCH-CRITICIZED BUDGET ON JULY 27, PRESIDENT ZIA-UL-HAQ DEFENDED THE BUDGET AND HIS FINANCE MINISTER, CALLED ON THE NATION TO TIGHTEN ITS BLET IN THE INTEREST OF HELPING PAKISTAN TO OVERCOME THE ECONOMIC MISMANAGEMENT OF THE PREVIOUS REGIME, AND SKETCHED A FEW REVENUE AND EXPENDITURE CUTS(PLUS ONE EXPENDITURE INCREASE) WITHOUT GIVING MANY DETAILS. HE ALSO CALLED FOR PROT ING PAKISTAN'S SOVEREIGNTY, INCLUDING APPARENTLY IT UCLEAR OPERATION (REF.B), BY BECOMING LESS DEPENDENT ON FOREIGN AID. PRESIDENT ZIA RESCINDED THE PRICE INCREASES FOR KEROSENE AND NATURAL GAS USED IN HOUSES AS WELL AS THE INCREASED DUTY FOR IMPORTED MILK POWDER. HE ALSO ANNOUNCED SOME RELIEF FROM THE WEALTH TAX ON PROPERTY BY EXEMPTING PRINCIPAL RESIDENCES FROM THE TAX AND GAVE CIVIL SERVANTS EARNING RS. 1500 OR LESS A RS. 40 PER MONTH COST OF LIVING ALLOWANCE. ACCORDING TO PRELIMINARY INDICATIONS, THE NET EFFECT OF THE MEASURES, ESPECIALLY THE WAGE INCREASES, WILL PROBABLY BE TO INCREASE THE DEFICIT SLIGHTLY.

2. WITHOUT GIVING ANY DETAILS, HE ANNOUNCED A RS. 500 MILLION CUT IN NON-DEVELOPMENT (ORDINARY) EXPENDITURE (2 PERCENT) AND A RS. 800 MILLION REDUCTION IN THE DEVELOPMENT BUDGET (3.5 PERCENT). DR. H.M. QAZI, A MEMBER OF THE BUDGET REVIEW COMMITTEE, HAS TOLD US THAT THE CUT IN ORDINARY EXPENDITURE WAS CLOSE TO THE COMMITTEE'S RECOMMENDATION OF ABOUT RS. 650 MILLION WHICH WOULD HAVE COME IN ALL ITEMS INCLUDING DEFENSE. THE ANNOUNCED CUTS IN DEVELOPMENT SPENDING FELL SHORT OF THE COMMITTEE'S RECOMMENDED RS. 2 BILLION WHICH WOULD HAVE COME IN AS AN ACROSS THE BOARD CUT IN ADMINISTRATIVE EXPENSES AND CANCELLING SOME PROJECTS, BUT NOT TOUCHING THE KARACHI STEEL MILL, PORT QASIM, FERTILIZER PLANTS OR REDUCING THE FERTILIZER SUBSIDY. WE DON'T YET KNOW HOW THE ANNOUNCED CUTS ARE TO BE DISTRIBUTED, BUT WE DO THAT THE JUST-MENTIONED ITEMS WILL BE TOUCHED ANY WAY.

3. IN AN AUSTERITY CLAIM, ZIA SAID THAT PAKISTAN WOULD REDUCE THE NUMBER OF ITS EMBASSIES ABROAD AND TRIM EXPENSES AT THOSE REMAINING (REF B). HE ALSO ANNOUNCED A CIVIL SERVICE HIRING FREEZE, A BAN ON THE GOVERNMENT'S IMPORT OF OFFICIAL CARS ABOVE 1 30 CC AND ISSUED AN ORDER TO ALL GOVERNMENT AGENCIES TO OBSRVE SIMPLICITY IN ALL OFFICIAL FUNCTIONS.

4. THE DETAILS OF THE CUTS ARE STILL BEING WORKED OT AND WE WILL REPORT DETAILS ONCE THEY BECOME KNOWN.

HUMMEL

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31 JUL 79 07 10Z

VV ESA434MJC114
RUQMHR
RUSBQD #8543/1 2120415
DY CCCCC ZZH
3163 00Z JUL 79
AMEMBASSY ISLAMABAD
RUEHC/SECSTATE WASHDC PRIORITY 4137
FO RUMJGM/AMEMBASSY COLOMBO 1765
MJDK/AMEMBASSY DACCA 3429
BL K/AMEMBASSY KABUL 9501
MJHY/AMEMBASSY KATHMANDU 1776
BKR/AMCONSUL KARACHI 8432
N/AMCONSUL LAHORE (POUCH)
DTC/AMEMBASSY LONDON 4153
MJMA/AMEMBASSY MANILA 1363
BAE/AMEMBASSY NEW DELHI 1153
FWPS/AMEMBASSY PARIS 3156
N/AMCONSUL PESHAWAR (POUCH)",
1. #4/AMEMBASSY TEHRAN 5363

CONFIDENTIAL

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 8543

MANILA FOR ADB

PARIS ALSO FOR OECD

E.O. 12065: N/A
TAGS: EFIN, EAID, EAGR, PK
SUBJECT: BUDGET EXPENDITURES: SUBSIDIES, DEFENSE AND DEBT SERVICE TAKE THE LION'S SHARE

REFS: (A) ISLAMABAD 7502, (B) ISLAMABAD 7706

1. SUMMARY: IN SPITE OF A RECORD PACKAGE OF NEW AND INCREASED TAXES DESIGNED TO INCREASE TAX REVENUES FROM ABOUT 13 TO JUST UNDER 14 PERCENT OF GNP, PAKISTAN'S BUDGET DEFICIT WILL STILL BE MORE THAN DOUBLE LAST YEARS'S ORIGINALLY BUDGETED DEFICIT BECAUSE OF EVEN LARGER INCREASES IN ORDINARY AND DEVELOPMENT EXPENDITURES. OUR 13 PERCENT FIGURE IS HIGHER THAN GHULAM ISHAW'S 12 PERCENT QUOTED IN THE BUDGET SPEECH, BECAUSE HE USED THE REVISED FFY 1978/79 FIGURE IN HIS CALCULATIONS WHERAS WE USED ORIGINAL BUDGET ESTIMATES. OUR GNP FIGURE FOR 1979/80 ASSUMES A 14 PERCENT GROWTH IN CURRENT PRICE GNP. MOST OF THE INCREASES IN THE DEVELOPMENT BUDGET COME IN THE FERTILIZER SUBSIDE, SPENDING ON GOVERNMENT-OWNED CORPORATIONS, E.G., THE KARACHI STEEL MILL, AND WATER AND POWER PROJECTS. END SUMMARY.

2. THE RESOURCE MOBILIZATIONFFORT IN THE CURRENT YEAR'S BUDGET APPEARS TO BE MOST INTENSIVE IN PAKISTAN'S HISTORY. AS A RESULT,MAINLY OF NEW AND INCREASED TAXES, TAX REVENUES ARE BUDGETED TO INCREASE BY 24 PERCENT, A FIGURE THAT IF REALIZED WILL ALMOST CERTAINLY SUBSTANTIALLY EXCEED THE INCREASE IN CURRENT PRICE GDP. OTHER RECEIPTS ARE BUDGETED TO FALL 11 PERCENT MAINLY BECAUSE OF LOWER RECEIPTS OF FOREIGN AID SO THAT TOTAL RECEIPTS ARE BUDGTED TO RUN ONLY 9 PERCENT OVER LAST YEAR'S ORIGINAL BUDGET. THIS LARGER TAX BURDEN IS BITTERLY RESENTED WITHIN PAKISTAN BUT SHOULD HAVE BEEN A CONTRIBUTION TO THE EFFORT TO GET PAKISTAN TO LIVE WITHIN ITS MEANS -- AN EFFORT SO UNIVERSALLY RECOMMENDED BY THE DONOR COMMUNITY. UNFORTUNATELY, HOWEVER, THE BENEFICIAL (IF DOEMSTICALLY UNPALATABE) EFFECTS OF THE TAX INCREASES WERE MORE THAN OFFSET BY EVEN MORE RAPID

BUDGETED INCREASES IN EXPENDITURES. EXPENDITURES ARE BUDGETED TO GROW BY ABOUT 21 PERCENT, SO THAT THE INITIALL BUDGETED DEVICIT IS MORE THAN DOUBLE THE INITIALLY BUDGETED (AND UNREALISTICALLY LOW) BUDGET DEFICIT IN FY 1978/79. THIS MESSAGE IDENTIFIES THE MAJOR INCREASES. IT IS BASED ON THE BUDGET AS PRESENTED JUNE 28. THE CHANGES INTRODUCED BY PRESIDENT ZIA ON JULY 27 ARE STILL BEING WORKED OUT, AND SHOULD HAVE A SMALL EFFECT ON THE THRUST OF THIS MESSAGE.

3. THE GROWTH IN EXPENDITURES IS HIGHER IN THE ORDINARY THAN IN THE DEVELOPMENT BUDGET, AND DESPITE THE RECENT INCREASE IN THE PRICE OF WHEAT AT THE RATION SHOPS, A LARGE PART OF THE INCREASED DEFICIT IS THE RESULD OF LARGER SUBSIDIES. LARGER BILLS FOR DEBT SERVICE (UP 17 PERCENT), DEFENSE SPENDING (UP 15 PERCENT) AND SUBSIDIES (UP 61 PERCENT) ACCOUNT FOR FOUR-FIFTHS OF THE TOTAL ENCREASE IN NON-DEVELOPMENT EXPENDITURE. (THE FIGURE FOR SUBSIDIES DOES NOT INCLUDE THE SUBSIDY ON FERTILIZER, WHICH IS INCLUDED IN THE DEVELOPMENT BUDGET,) ALTHOUGH THE PERCENTAGE INCREASE IN
THE DEFENSE BUDGET WAS LOWER THAN THE PERCENTAGE INCREASE FOR THE BUDGET AS A WHOLE, IT NONETHELESS AMOUNTED IN ABSOLUTE TERMS TO OVER $150 MILLION, FOR THE LARGEST SINGLE INCREASE IN THE BUDGET. IN TERMS OF MILIARY NEEDS AND THE STATE OF READINESS OF THE PAKISTAN MILITARY, THE FIGURE IS UNDOUBTEDLY MODEST. RELATED EXPENDITURE INCREASES FOR CIVIL ARMED FORCES AND AFGHAN REFUGEES WOULD BRING TOTAL INDENTIFIABLE SECURITY EXPENDITURES AT $220 MILLION.

4. WHILE THE INCREASE IN DEFENSE AND DEBT SERVICE AFFECTS MAINLY BUDGETARY RIGIDITIES, THE ENORMOUS SUBSIDY FIGURE INCICATES SEVERAL MALISES OF THE PAKISTAN ECONOMY. ABOUT $65 MILLION IS SET ASIDE FOR "INCENTIVES" FOR COTTON TEXTILE EXPORTS TO MAKE THEM COMPETITIVE, WHILE A SIMILAR
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RUMJKT/ AMEMBASSY KATHMANDU 1777
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C O N F I D E N T I A L

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AMOUNT IS SET ASIDE TO SUBSIDIZE RAW COTTON EXPORTS. THERE WAS ALSO AN INCREASE OF RS. 32 MILLION IN THE PROVISION FOR REIMBURSING BANKS THAT LEND MONEY TO TRADERS BELOW THE PREVAILING RATE OF INTEREST AS FURTHER INCENTIVE FOR EXPORTS. THE EDIBLE OIL SUBSIDY TO HOLD DOWN CONSUMER PRICES ROSE RS. 324 MILLION.

5. THE REMAINING FIFTH OF THE INCREASE IN ORDINARY EXPENDITURES --HRS. 900 MILLION -- IS SPREAD OVER A NUMBER OF ITEMS SUCH AS THE TRANSFER TO THE FEDERAL GOVERNMENT OF COLLEGE AND UNIVERSITY EXPENSES PREVIOUSLY BORNE BY THE PROVINCES (RS. 224MILLION), INCREASED CONTRIBUTIONS TO THE NATIONAL OIL COMPANIES (RS. 97 MILLION), EXPENSES OF THE NATIONAL LOGISTICS CELL WHICH DISTRIBUTES WHEAT AND FERTILIZER IMPORTS (RS. 166 MILLION), ATOMIC ENERGY (RS. 13MILLION), AND OTHERS (RS. 400 MILLION).

6. DEVELOPMENT EXPENDITURE, AT RS.H23 BILLION, IS BUDGETED FOR INCREASE BY 21 PERCENT OVER THE ORIGINALLY BUDGETED FIGURE FOR PFY 1978/79. OVER ONE-HALF OF THE RS. 4 BILLION INCREASE IS ACCOUNTED FOR BY INCREASES IN THE FERTILIZER SUBSIDY (UP 73 PERCENT), OLD AND NEW SPENDING ON GOVERNMENT-OWNED CORPORATIONS (UP 30 PERCENT) AND WATER AND POWER PROJECTS (UP 36 PERCENT). THE LARGEST SINGLE INCREASE IN THE DEVZLOPMENT BUDGET CAME IN FERTILIZER SUBSISIES WHICH WENT UP RS. 700 MILLION. SPENDING ON THE KARACHI STEEL MILL IS BUDGETED TO RUN RS. 250 MILLION, OR 8 PERCENT, AND EXPENDITURE ON ITS COMPANION PROJECT, PORT QASIM, ROSE RS. 290 MILLION, OR 30 PERCENT. OTHER MAJOR INDUSTRIAL EXPENDITURES ARE IN OIL AND GAS DEVZLOPMENT CORPORATION (OGDC), UP 50 PERCENT TO RS. 750 MILLION, FOR CONTINUING EXPLORATION AND DEVELOPMENT OF PETROLEUM RESOURCES, THE URBAN ROAD TRANSPORTATION CORPORATION, UP RS. 290 MILLION FROM LAST YEAR'S RS. 50 MILLION, PRESUNABLY FOR THE PURCHASE OF ADDITIONAL BUSES TO REPLACE THE AGING FLEETS SERVING PAKISTAN'S MAJOR CITIES, AND TWO NEW ALLOCATIONS OF RS. 100 MILLION EACH FOR FAUJI FERTILIZER AND THE PAKISTAN AUTOMOBILE CORPORATION. HTHE INCREASES FOR WATER AND POWER DEVELOPMENT ARE RS. 300 MILLION FOR THE ELECTRIFICATION OF 2,000 RURAL VILLAGES AND RS. 123 MILLION FOR SALINITY CONTROL AND RECLAMATION PROJECTS (SCARP).

HUMMEL

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UNITED STATES GOVERNMENT

memorandum

CONFIDENTIAL

DATE: August 1, 1979

REPLY TO ATTN OF: Masood Akram
Economic Advisor

SUBJECT: Islamic Rally at Peshawar University

TO: Douglas B. Archard
Principal Officer

Beginning from July 21, 1979, a three-day rally of Islami Jamiati-Tulaba was held at the campus of Peshawar University under the auspices of their NWFP Branch. Fairly elaborate arrangements were made to receive the delegates to the rally who came from all over the country. Transportation, boarding and lodging facilities were arranged by very enthusiastic workers of Islami Jamiati-Tulaba of Peshawar University. It is somewhat difficult to say how many out-of-town delegates attended the rally. Estimates vary from 500 to over 1,000. Delegates included a twenty-man delegation from Saudi Arabia. The total audience in certain sessions exceeded 3,000 persons.

According to Shabir Ahmed, a medical student at Peshawar University, and Irshad ul-Haq, a businessman, both enthusiastic supporters of Jamaat - i - Islami (J.I.), who attended the rally, the declared objective of the rally was to infuse the spirit of Islam in Pakistani youth, and prepare the young generation for handling the responsibility of an Islamic society. With this end in view, sermons by learned scholars of Islam, speeches by leaders of J.I. and meetings for recitation and interpretation of Quran, were organized during different sessions of the rally. An exhibition dealing with the history of the Islamic revolution in Iran, Pakistan, and Afghanistan was also held.

The rally received a good will message from Maulana Maudoodi, the founder of J.I. who predicted a resurgence and the final supremacy of Islam. A number of top leaders of J.I. came to address the rally. They included Professor Ghafoor, Professor Khurshid, Mian Tufail Mohammad, Qazi Hussain Ahmed and others. Prominent among the student leaders were Liaqat Baluch, Shabir Ahmed, Arbab Afridi, and Zafar Jamal Baluch. Practically all the leaders of the J.I. who addressed the rally talked about the basic themes: (1) Greatness of Islam as a solution for all the problems of today's world with special reference to Pakistan, (2) the rather precarious state of Pakistan's national economy, and (3) Jehad and Islamic resurgence. For instance, Professor Khurshid said that Islam is the only religion which came to overshadow everything else

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and it teaches one to live a revolutionary life. He said that every Pakistani is in debt for ten thousand rupees. He tried to disassociate the PNA from responsibility for preparation of the new Federal budget.

The head of Jamaat-Islami Afghanistan, Professor Burhanuddin Rabbani and the head of Hezb-i-Islami, Afghanistan Gulbadeen Hekmatyar, also addressed the rally. Rabbani paid glowing tribute to the Islamic revolution in Iran. He also praised the efforts of Pakistanis to introduce an Islamic system in the country. He emphasized the importance of laying down one's life for the cause of religion and said such sacrifices always bear fruit. Rabbani also described the cruel treatment being meted out to religious scholars and believers in Afghanistan by the Taraki government. Hekmatyar confined his remarks to a description of the Islamic revolution in Afghanistan. He pointed out the great sacrifices which the people of Afghanistan are making to save their religion from communism. He praised Islami Jamiati-Tulaba for working for the glory of God and Islam.

The Iranian Charge de Affaire, Gunj Dost, inaugurated an exhibition dealing with the struggle for Islamic revolution in Iran, Afghanistan and Pakistan. He described the recent Islamic revolution in Iran and praised Islam as the only system which can cope with today's problems. He felt that no one can stop the resurgence of Islam.

Commenting to me on the rally, a senior member of the Peshawar University faculty said disdainfully that the rally was responsible for making the campus dirty. He pointed out that few local students had participated in it. The fairly large audience, he said, was due to the presence of Class IV employees (peons, chowkidars, etc.) and youngsters from the neighboring villages who came to get free meals. He said that the general approach of J.I. students is very militant. In his opinion, these students do not have much chance in the Peshawar University politics, as PPP and Pushtoon students are the really strong groups here.

Drafted by:MAkram

Approved by:DBArchard

cc:AMB, SPEC, Lahore, Karachi, Kabul (POL), Tehran (POL), NEA/PAB, INR/RNA/SOA, INR/OIL/B

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C O N F I D E N T I A L ISLAMABAD 9161

CINCPAC FOR POLAD

E.O. 12065: GDS 12 AUG 1985 (HAGERTY, H.G.) OR-P
TAGS: PINT, PK, MNUC
SUBJ: (U) REPORTED DEAL WITH THE US TO SAVE BHUTTO AND STOP NUCLEAR PROGRAM

1. (U) UNDER BANNER HEADLINE "BENZAIR'S DEAL WITH AMERICA," GOVERNMENT-CONTROLLED PAKISTAN TIMES 11 AUGUST CARRIED PPI STORY ALLEGING THAT BENAZIR BHUTTO, DAUGHTER OF THE LATE PRIME MINISTER, HAD "STRUCK A DEAL WITH AMERICAN FOR SUPPORT (IN HER FATHER'S CAMPAIGN FOR CLEMENCY) IN RETURN FOR A PLEDGE TO SCUTTLE PAKISTAN'S DRIVE FOR NUCLEAR CAPABILITY."

2. (U) "THE STRATEGY ADOPTED BY MISS BENAZIR," THE STORY RELATES, " WAS TO FIRST CONVINCE THE AMERICANS AND THE WORLD AT LARGE THAT PAKISTAN WAS ON THE VERGE OF PRODUCING A NUCLEAR BOMB, AND AFTER CREATING THIS ALARM, TO USE THIS AS A TRUMP CARD TO WIN THE SUPPORT OF THE U.S. GOVERNMENT FOR BHUTTO" IN HIS WORLD-WIDE APPEAL FOR CLEMENCY. AS EVIDENCE OF THIS PLOT, THE ARTICLE CITES A LETTER THAT BENAZIR ALLEGEDLY WROTE HER BROTHER MIRTAZA IN LONDON AFTER THE LAHORE HIGH COURT HAD FOUND THEIR FATHER GUILTY AS CHARGED AND SENTENCED HIM TO DEATH.

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) ARTICLE ALLEGES THAT USG WAS A TOUGH NUT TO
K WITH THIS DEAL, SINCE PRIMIN BHUTTO HAD "OFFENDED"
MOST IRRETRIEVABLY BY ACCUSING IT OF HATCHING A
ITICAL CONSPIRACY..FOR HIS OVERTHROW..IT COULD BE
ONLY IF SOMETHING CONCRETE WERE OFFERED.." A
TO FAMILY WILLINGNESS TO GIVE UP THE CONTROVERSIAL
OCESSING PLANT CONTRACT WITH THE FRENCH WAS THE
GED QUID PRO QUO.

) THE PLAN DID NOT SAVE BHUTTO'S LIFE BUT THE
CLE ALLEGES IT "CERTAINLY ORCHESTRATED WESTERN
PAGANDA AGAINST PAKISTAN ON THE NUCLEAR ISSUEM"
AUTHORS ADDUCE, AS ADDITIONAL EVIDENCE, THE APPEALS
US MADE FOR BHUTTO'S LIFE AND THE BHUTTOS' "SEALED-
CONSPIRACY OF SILENCE ON THE MOUNTING AMERICAN
SURE AGAINST PAKISTAN'S SEARCH FOR NUCLEAR
NOLOGY."

) AT CONCLUSION, ARTICLE NOTES AMERICAN RELATIONSHIP
SOMOZA FAMILY IN NICARAGUA AS ILLUSTRATION OF
ICAN WILLINGNESS TO CONCLUDE A DEAL WITH AN
UENTIAL FAMILY.

) EMBASSY HAS PREPARED AND CIRCULATED TO
ITUENT POSTS FOLLOWING PRESS GUIDANCE ON AN IF
D BASIS: QUOTE WE ARE UNABLE TO COMMENT ON
ENCE OF SUCH A LETTER BETWEEN BENAZIR BHUTTO AND
BROTHER AS DESCRIBED IN PAKISTAN TIMES 11 AUG. WHAT
AN SAY, HOWVER, IS THAT WE KNOW OF NO APPROACH
NG BEEN MADE TO THE U.S. GOVERNMENT SUCH AS THAT
RIBED IN THE PAKISTAN TIMES STORY, AND WE CAN SAY
AINLY THAT NO SUCH ARRANGEMENT OR UNDERSTANDING WAS EVER
ED BETWEEN THE UNITED STATES GOVERNMENT AND ANY
ER OF THE BHUTTO FAMILY. UNQUOTE

) COMMENT: THE ARTICLE IS A BLATANT AND HEAVY-
D SLAM MAINLY AT THE BHUTTOS AND SECONDARILY AT THE
IT IS AN INGENIOUS (IF TRANSPARENT) ATTEMPT, WE
E, BY THE PAKISTAN MARTIAL LAW ADMINISTRATION (MLA)
R BENAZIR (AND HER MOTHER , PPP CHAIRMAN NUSRAT
O WHO COMES OUT OF MOURNING ON THE 14TH) WITH THE
OF THE NUCLEAR IMPASSE WITH THE UNITED STATES
TAKES SOME DOING, AND THE GAPS IN THE CHRONOLOBY
THE LOGIC OF THE PIECE SERVE CONSIDERABLY TO
NISH ITS EFFECT. WE HAVE HAD NOT ONE PRESS QUERY
E PIECE SINCE ITS APPEARANCE, AND EVEN THE
WING URDU DAILY NAWA-I-WAQT OFFERS TODAY THAT IT
AWAIT BENAZIR'S EXPLANATION BEFORE COMMENTING.

) STILL, THE PIECE IS REMINISCENT OF THE HEAVY-
D SMEAR CAMPAIGN AGAINST BHUTTO HIMSELF WHILE
UPREME COURT WAS CONSIDERING HIS APPEAL FROM THE
E HIGH COURT VERDICT. IT IS BUT ONE SIGN IN MANY
THE MLA IS PREPARED TO COME ON HEAVY AGAINST THE
-- AND ESPECIALLY AGAINST THE BHUTTO WOMEN/FAMILY
E WEEKS AHEAD AS ELECTIONS WHICH COULD RETURN TO THE
TO POWER DRAW CLOSER.

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Z... /AMCONSUL LAHORE
R... TC/AMEMBASSY LONDON 4192
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Z... /AMCONSUL PESHAWAR
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C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 9219

CINCPAC FOR POLAD

E.O. 12065 GDS 12 AUGUST 1985(MULTIPLE SOURCES) OR-P
TAGS: PINT, SHUM, PK
SUBJ(C) ELECTION - '79: THE PAKISTAN PEOPLES PARTY(PPP)-
READY TO RUN?

REFS:(A) KARACHI 4425 NOTAL (B) KARACHI 4429 NOTAL
(C) KARACHI 1226 NOTAL (D) LAHORE 1053 NOTAL
(E) LAHORE 936 NOTAL (F) ISLAMABAD 5407

1.(C-ENTIRE TEXT).

2. SUMMARY: BEGUM NUSRAT BHUTTO, WIDOW OF FORMER PRIMIN BHUTTO, WILL EMERGE FROM HER EXTENDED PERIOD OF MOURNING ON 14 AUGUST 1979, THE 32ND ANNIVERSARY OF PAKISTAN'S INDEPENDENCE, CONFIRMED DURING HER PERIOD OF MOURING AS CHAIRMAN OF HER HUSBAND'S PAKISTAN PEOPLES PARTY (PPP), NUSRAT HAS USED HER PERIOD OF ISOLATION TO STAKE HER CLAIM TO A "FAMILY SUCCESSION" WHILE REMAINING ALOOF FROM THE FACTIONAL INTERPLAY BENEATH HER ON THE PARTY'S FUTURE COURSE, PROGRAM, AND SECONDARY LEADERSHIP.

3. THERE ARE MANY SIGNS THAT THE ATTEMPT AT FAMILY SUCCESSION IS MEETING WITH SUCCESS THUS FAR. FOUR MONTHS AFTER HIS DEATH, THERE HAS BEEN A SURGE OF NOSTALGIA AND EMOTION IN CONNECTION WITH THE FORMER

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LEADER AND HIS NAME; THE SO-CALLED "BHUTTO PHENOMENON," A MARTYRED MIX OF SUFISM, GRIEF, AND POLITICAL MANIPULATION, IS REAL, ESPECIALLY IN RURAL SIND. THROUGH A SERIES OF MEETINGS, THE BHUTTO WOMEN, DAUGHTER BENAZIR OUT FRONT AND MOTHER NUSRAT BEHIND THE SCENES, HAVE PLAYED AN IMPORTANT ROLE IN RALLYING THE PARTY FROM ITS POST-EXECUTION STUPOR AND DEPRESSION. THEY FACE A FORMIDABLE TASK IN STEERING THE PARTY THROUGH THE DIFFICULT MONTHS AHEAD IN THE FACE OF SMEARS AND PRESSURES INSPIRED BY THE MARTIAL LAW ADMINISTRATION AND BY OTHER PARTIES (SEPTEL), THE REAL DIVISIONS WHICH EXIST WITHIN THE PARTY, AND THE PARTY'S URGENT NEED FOR VIGOROUS LEADERSHIP AND ORGANIZATIONAL WORK. YET EVERYONE AT THIS POINT -- INCLUDING THE MLA -- APPEARS TO REGARD THE PPP AS THE PARTY TO BEAT AND THAT HAS A MOMENTUM ALL ITS OWN IN TERMS OF ESTABLISHING THE PPP AS THE FRONT-RUNNER IN PAKISTAN'S DAWNING ELECTION PERIOD. END SUMMARY.

4. THE PPP TODAY: CONVINCED THAT ITS POPULARITY IS ON THE RISE, THE PPP OVER WHICH BEGUM NUSRAT BHUTTO WILL ASSUME ACTIVE COMMAND ON 14 AUGUST FACES TWO MAJOR PROBLEMS AS IT LOOKS CONFIDENTLY TOWARDS NOVEMBER ELECTIONS:

--FIRST, ALTHOUGH WHAT HAS COME TO BE TERMED THE "BHUTTO PHENOMENON" APPEARS TO BE KNITING THE PARTY TOGETHER, THIS COHESION COULD BE TEMPORARY. BEFORE APRIL, THERE WAS NO GUARANTEE THAT THE BHUTTO FAMILY COULD HOLD THE PARTY'S DIVERSE ELEMENTS TOGETHER. POPULARITY AND SENTIMENT -- AIDED BY MRS. BHUTTO'S ISOLATION-APPEAR TO HAVE DECIDED THE LEADERSHIP QUESTION IN FAVOR OF THE BHUTTO WOMEN, BUT NOT ALL THE RETURNS ARE IN YET. IT REMAINS TO BE SEEN HOW FIRM AND EFFECTIVE A HAND BEGUM BHUTTO, THE PPP'S ELECTED CHAIRMAN, CAN EXERT ON THE PARTY'S FRACTIOUS MACHINERY. UNTIL NOW, BENAZIR APPEARS TO HAVE EFFECTIVELY USED HER MOTHER'S PROXY TO STAKE A CLAIM TO PARTY LEADERSHIP; NONETHELESS, REPORTS PERSIST OF AN INTERNAL SPLIT BETWEEN "RADICALS" AND "MODERATES;" "LOYALIST" PARTY WORKERS; WHO CHALLENGED THE MLA AND WENT TO JAIL DURING BHUTTO'S IMPRISONMENT IS STRONG, ARE ANTAGONISTIC AGAINST THOSE WHO DID NOT, ESPECIALLY THE "OPPORTUNISTIC FEUDAL LANDLORDS", LATECOMERS TO BHUTTO'S PPP. THE LATTER HOWEVER, ARE WELL REPRESENTED ON THE CENTRAL COMMITTEE OF THE PARTY.

--SECOND, THE PARTY FACES THE DILEMMA OF ACTIVATING ITSELF TO MOUNT AN ELECTORAL CHALLENGE WITHOUT PROVOKING THE MLA TO BAN THE PARTY, DISQUALIFY ITS LEADERS, AND POSSIBLY POSTPONE THE ELECTIONS. THE PPP HIGH COMMAND

HAS APPARENTLY DECIDED TO SET A CAREFUL TONE AS ELECTIONS APPROACH -- A COURSE ADVISED BY THE SO-CALLED "FEUDALS" -- AND LIE RATHER LOW UNTIL THE LIMITATIONS NOW ON OUT-DOOR RALLIES, ETC., ARE LIFTED -- PROBABLY IN SEPTEMBER. THE BHUTTO WOMEN, AND THE PARTY'S TOP BRASS, ARE NOT ABOUT TO FORGET THE DISMAL DAYS BEFORE BHUTTO'S EXECUTION WHEN THE MLA SEVERAL TIMES PARALYZED THE PARTY SIMPLY BY REMOVING HUNDREDS OF ITS LEADERS TEMPORARILY FROM THE SCENE. TO AVOID CONFRONTATION, WHILE AT THE SAME TIME NOT FORSAKING POPULAR APPEAL, REQUIRES A CAREFUL, BUT NOT IMPOSSIBLE, BALANCING ACT BY BENAZIR AND HER MOTHER IN THE MONTHS AHEAD; SUCH CAUTION ANTITHETICAL TO BOTH THE PARTY HOTHEADS AND THE NORMALLY FLAMBOYANT BENAZIR.

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C O N F I D E N T I AL SECTION 2 OF 2 ISLAMABAD 9219

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5. THE MONTHS TO COM: AS NOVEMBER APPROACHES, KEY DECISIONS ON ORGANIZATION AND TACTICS WILL BE NEEDED. AFTER AUGUST 14, IT WILL BE IMPORTANT TO SEE WHETHER BEGUM BHUTTO AND BENAZIR ARE CAPABLE OF HOLDING TOGETHER A PARTY OF DISPARATE IDEOLOGICAL ELEMENTS, ESPECIALLY IF BEGUM BHUTTO'S CHAIRMANSHIP BECOMES AN ISSUE. AN INCREASING TENDENCY TOWARD PETTY BATTLES OVER INTERNAL ORGANIZATION OR CAMPAGN STRATEGY COULD WEAKEN THE PPP'S CHANCES IF BHUTTO'S OLD URBAN-RURAL-LANDLAORD COALITION COMES UNSTUCK. OPPORTUNISM IN PKAISTANI POLITICS IS SUCH THAT UNLESS THE BHUTTO WOMEN ARE PERCEIVED TO HAV LOST THE SUPPORT OF THE PEOPLE, HOWEVER, THEY WILL PROBABLY BE ABLE TO MAINTAIN THE PARTY'S INTEGRITY UNTIL AFTER ELECTIONS. THE LANDLORDS, WHOSE INTEREST IS MAINLY ON BEING ON THE WINNING SIDE, NEED BENAZIR AND HER MOTHER BECAUSE THEY PRESUMABLY CAN DELIVER THE VOTES BY ACTIVATING THE BHUTTO CONSTITUENCY. THE WOMEN NEED THE OLD COALITION TO KEEP THE ELECTION MACHINE INTACT, AT LEAST UNTIL THEY HAVE A POPULAR MANDATE, AND TO MAINTAIN A NECESSARY IDEOLOGICAL BALANCE IN THE PARTY.

6. BENAZIR AND HER MOTHER WILL ALSO HAVE TO WORK TO MODERATE THE IDEOLOGICALLY LEFTIST ELEMENT IN THEIR PARTY. IT IS NOT CLEAR TO US THAT THE PPP IS ADOPTING A MORE LEFTIST TONE (AS SOME HAVE SPECULATED); YET

TH... CALL FOR" COOPERATION WITH LIKE-MINDED PARTIES" DO... NOT SEEM TO APPLY TO THOSE ON THE PPP'S IDEOLOGICAL RIGHT, AND NEGOTIATIONS SO FAR HAVE BEEN WI... LEFTIST PARTIES. TH... "RADICALS" SUPPORT A MORE ACTIVIST CONFRONTATION WITH TEF MLA AND AN ALLIANCE OF LEFTIST PARTIES SOONER RATHER THAN LATE; THE ODERATES ARE RESISTING THIS BECAUSE THEY FEAR RETALIATION BY THE GOVERNMENT AND ARE UNCOMFORTABLE WITH THE LEFTISTS. AN EARLY TEST WILL BE WHETHER BENAZIR UNDERTAKES A EARLY TOUR OF THE PUNJAB. PRESS REPORTS SAY THE TRIP WILL OCCUR, BUT CONGEN KARACHI'S CONTACTS EXPRESS DOUBT THAT BENAZIR WILL BE INCLINED TO GIVE THE MLA ANY EXCUSE TO POSTPONE THE POLLS OR PLACE HER UNDER ARREST.

7. THE ELECTIONS AND BEYOND: EVERYBODY IN PAKISTAN HAS AND ELECTION FORECAST; THE ONE THING ALL HAVE IN COMMON IS THE ASSUMPTION THAT THE PPP HAS A CLEAR SHOT AT WINNING A MAJORITY OF THE NATIONAL ASSEMBLY SEATS REGARDLESS OF A CHANGE TO PROPORTIONAL REPRESENTATION OR NOT. IF THEY WIN, AND SHE IS NOT DISQUALIFIED OR OTHERWISE REMOVED FROM THE PARTY CHAIRMANSHIP, THEN BEGUM BHUTTO COULD BE THE NEW PRIMIN. IF BEGUM BHUTTO IS DISQUALIFIED AND BENAZIR MOVES TO THE FORE, HER AGE DOES NOT STAND IN THE WAY OF HER BECOMING PRIMIN, ALTHOUGH HER YOUTH AND HER INEXPERIENCE MIGHT HURT HER CHANCES.

8. BEYOND WHO BECOMES PRIMIN IN THE EVENT OF A PPP VICTORY, OTHER IMPONDERABLES ALSO LIE AHEAD. A SOURCE CLOSE TO BENAZIR HAS TOLD CONGEN KARACHI THAT THE PPP WILL NOT BE A PARTY OF REVENGE -- AS BENAZIR TOLD NEWSWEEK: "THE GENERALS AS A GROUP HAVE NOTHING TO FEAR. THEIR NAMES WERE NOT ON MY FATHER'S DEATH WARRANT." THIS SLIM OLIVE BRANCH MAY BE THE SIGN OF A POSSIBLE DIALOGUE WITH THE ARMY TO ENSURE A PEACEFUL TRANSFER OF POWER. THE PPP WILL ABSOLUTELY NOT TALK TO ZIA, SO SOME OTHER ACCOMMODITION WILL BE NECESSARY.(WE NOTE THE INTERESTING FACT THAT RETIRED GEN TIKKA KHAN, A PROMINENT PPP-ER, ONCE DIRECTLY COMMANDED SUCH MLA NOTABLES AS GENS. CHISHTI AND JILANI.)

9. A POTENTIALLY MORE SERIOUS LONG TERM PROBLEM IS THE ABILITY OF THE PPP TO GOERN A NATION FACING THE ECONOMIC, SOCIAL, AND POLITICAL DIFFICULTIES THAT PA...AN EXHIBITS. EXPECTATIONS WILL BE RUNNING HIGH; THESE WILL BE DIFFICULT IF NOT IMPOSSIBLE TO FULFILL. THE TOUGH CHOICES THAT WILL BE NEEDED TOHANDLE THE LOOMING ECONOMIC CRISIS WILL REQUIRE HARD-HEADED LEADER-

2

...P AND COULD EXACERBATE THE PARTY'S IDEOLOGICAL DIVISIONS. ...Y OBSERVERS BELIEVE THAT THE PPP AS IT IS TODAY ...NOT LAST MUCH BEYOND THE ELECTIONS. SUCH REMARKS ...E PREMATURE-- IT SEEMS OBVIOUS THAT THE PPP'S PARAMOUNT ...JECTIVE IS TO GET INTO POWER; THE QUESTIONS OF HOW ...E IF IT CAN RULE WILL WAIT UNTIL AFTER THE ELECTIONS. ...OULD BET, HOWEVER, THAT THE PPP HAS PAKISTAN'S ... CHANCE OF BEING IN A POSITION TO ASK THAT ...STION.

...EPS A THROUGH 3 REPRESENT IMPORTANT CONTRIBUTIONS ...O THIS REPORT FROM OUR CONSULATES IN LAHORE AND ...ACHI. HUMMEL

19

2

NNNNVV ESA618JC963
OO RUQMHR
DE RUSBQD #9251/1 2262315
ZNY CCCCC ZZH
O R 140745Z AUG 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4366 CB 556
RUMJEN/AMEMBASSY COLOMBO IMMEDIATE 1804
INFO RUHGHQA/CINCPAC HONOLULU HI
RUQMCV/AMEMBASSY ANKARA 4164
RUMJPS/AMEMBASSY BEIJING 602 POL
RUMJDK/AMEMBASSY DACCA 3461
RUGMRA/AMEMBASSY JIDDA 840 CHG
RUSLK/AMEMBASSY KABUL 9566
RUMJHT/AMEMBASSY KATHMANDU 1803 ECON
RUSKN/AMCONSUL KARACHI 8526
ZEN/AMCONSUL LAHORE RF
RUDTC/AMEMBASSY LONDON 4195
RUEHMO/AMEMBASSY MOSCOW 1453 CHRON
RUSNAE/AMEMBASSY NEW DELHI 1227
ZEN/AMCONSUL PESHAWAR
RUSNAAA/USCINCUER VAIHINGEN GE
RUQMHL/AMEMBASSY TEHRAN 5383
BT
C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 9251

MILITARY ADDRESSEES FOR POLADS; COLOMBO PLEASE PASS EILAND FOR CODEL WOLFF

E.O. 12065: GDS 14AUG85 (HAGERTY, H.G.) OR-P
TAGS: PEPR PINT MPOL PINS PK US MNUC
SUBJ: REACTION WORSENS TO NEW YORK TIMES ARTICLE ON NUCLEAR ISSUE

1. (C) ENTIRE TEXT.

2. NATIONAL INDEPENDENCE DAYS ARE NATURAL OCCASIONS FO STRONG, NATIONALISTIC RHETORIC, AND THE RICHARD BURT NEW YORK TIMES ARTICLE ON THE NUCLEAR PROBLEM, WITH IT EMPHASIS HERE ON THE THREAT OF UNILATERAL US MILITARY ACTION AGAINST PAKISTAN'S ENRICHMENT FACILITIE IS PROVIDING A TIMELY, AND UNIFYING, THEME TO THIS THRITY-SECOND ANNIVERSARY OF PAKISTAN'S INDEPENDENCE.

3. OFFICIAL PAKISTAN TIMES FEATURES DEPARTMENT SPOKESMAN'S BRIEF DENIAL THAT ANY "COVERT ACTION" IS BEING PLANNED IN SMALL FRONT-PAGE BOX. REST OF PAPER, HOWEVER, IS FULL OF HARSH WORDS BY PAKISTANIS PROMINENT IN PUBLIC LIFE ON THE "THREAT" IN THE NYT ARTICLE. THE RALLYING POINT IS THE NEED TO STAND UP TO SUCH FOREIGN PRESSURES, EVEN IF THEY COME FROM SUPER POWERS. FEW PUBLIC FIGURES APPEAR ABLE TO RESIST USING THE OCCASION ALSO TO DREDGE UP THE PAST RECORD TO US "PERFIDY" WITH REGARD TO PAKISTAN, GOING BACK TO 1962/3, 1965, AND 1971 -- ALL "VINTAGE YEARS" IN THE STANDARD PAKISTAN CHRONICLE OF US "FAILURES" TO LIVE UP TO THE OBLIGATIONS OF FRIENDSHIP AND ALLIANCE.

4. RUNNING THROUGH SOME OF THE COMMENTS IS ANXIETY THAT THEE IS A RELATIONSHIP BETWEEN THE "THREAT" IN THE BURT ARITCLE AND THE FLOOD OF REPORTS OUT OF WASHINGTON ABOUT USG CONSIDERATION OF AN ENHANCED MILITARY PRESENCE IN THIS PART OF THE WORLD AND A LARGE, MOBILE STRIKE FORCE CAPABLE OF BEING DEPLOYED QUICKLY TO THIS REGION. ALSO RUNNING THROUGH THE INNUENDO ARE SUBTLE EFFORT TO LINK ANEW THE BURT "THREAT" AND THE EARLIER REPORTS OF A USG-BENAZIR BHUTTO DEAL ON NUCLEAR MATTERS, THUS KEEPING ALIVE THAT CANARD AND THE EFFORT TO TAR THE PAKISTAN PEOPLE'S PARTY WITH RESPONSIBILITY FOR PRESENT US PRESSURES.

5. (ISLAMABAD 9210) A SAMPLING OF REACTIONS REPORTED IN THE 14 AUGUST PRESS IS AS FOLLOWS:
-- IN RESPONSE TO A QUESTION FROM NEWSMEN ABOUT THE NYT ARTICLE, DEFENSE MINISTER TALPUR REAFFIRMED THAT PAKISTAN WILL NOT SUCCUMB TO EXTERNAL PRESSURES WITH REGARD TO ITS NUCLEAR PROGRAM AND IS FULLY PREPARED TO SAFEGUARD ITS VITAL INTERESTS.
--WARNING THE US ON THE "SERIOUS CONSEQUENCES OF ANY SUCH FOOLISH ACTION," NDP PRESIDENT SHERBAZ MAZARI SAID THE "DAYS OF GUNBOAT DIPLOMACY ARE OVER." MAZARI REFERRED TO THE "SHOCK" HE HAD EXPERIENCED IN READING THE ACCOUNT, ALLUDED DARKLY TO US FAILURES IN THE BAY OF PIGS, ETC., AND SUGGESTED THE US ACTIONS IN THIS ARE ARE AIMED AT CURRYING FAVOR WITH THE "JEWISH LOBBY."
--TEHRIK LEADER (AND FORMER RADM) MAZAFFAR HASSAN DESCRIBED THE "REPORTED MOVE AS SAD AND REPREHENSIBLE.. (LEADING TO) ALWLESSNES AND INTERNATIONAL PIRACY."
BT
#9251

NNNNVV ESB021MJC798
PP RUQMHR
DE RUSBQD #9269 2270820
ZNY CCCCC ZZH
P R 150715Z AUG 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 4378
INFO RUMJGM/AMEMBASSY COLOMBO 1806
RUMJDK/AMEMBASSY DACCA 3465
RUSBLK/AMEMBASSY KABUL 9569
RUMJKT/AMEMBASSY KATHMANDU 1806
RUSBKR/AMCONSUL KARACHI 8531
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDON 4197
RUSBAE/AMEMBASSY NEW DELHI 1233
ZEN/AMCONSUL PESHAWAR
RUQMHR/AMEMBASSY TEHRAN 5385
RUEHGL/AMEMBASSY BONN 629
RUHQHQA/CINCPAC HONOLULU HI
BT
C O N F I D E N T I A L ISLAMABAD 9269

PACOM FOR POLAD

E.O. 12065: GDS 8/18/85(CDWELCH) OR-P
TAGS: PINT, PK
SUBJ:(U) NEGATIVE REACTIONS TO PRESIDENT ZIA'S PROPORTIONAL REPRESENTATION PROPOSAL ARE ROLLING IN

REF:(A) ISLAMABAD 8339(B) ISLAMABAD 8607
(C) ISLAMABAD 9025(NOTAL)

1. (C) SUMMARY: AS PRESIDENT ZIA UL-HAQ'S DEADLINE FOR RESPONSES TO HIS PROPOSAL FOR ELECTIONS BY PROPORTIONAL REPRESENTATION PASSED ON AUGUST 14 (REF A), ALMOST EVERY PAKISTAN POLITICAL PARTY OF ANY CONSDQUENCE HAD COME OUT AGAINST THE IDEA. DESPITE AN EFFORT BY THE MARTIAL LAW ADMINISTRATION TO REASSURE THE BODY POLITIC THAT PROPORTIONAL REPRESENTATION WILL NOT DELAY ELECTIONS OR REQUIRE A CONSTITUTIONAL AMENDMENT, PRESIDENT ZIA'S PROPOSAL IS BEING REJECTED MAINLY ON THOSE GROUNDS, NOT FOR THE SUBSTANCE OF THE IDEA. END SUMMARY.

2. (C) AS EXPECTED, PRESIDENT ZIA UL-HAQ'S PROPOSAL TO [illegible]D PAKISTAN'S UPCOMING ELECTIONS UNDER A MODIFIED GE[illegible]-SYTLE SYSTEM OF PROPORTIONAL REPRESENTATION HAS PRO[illegible]ED CONSIDERABLE CONTROVERSY. ONLY ONE OF PAKISTAN'S "BIG NAME" POLITICAL PARTIES, THE JAMAAT-I-

CN 611

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ISLAMI(JI), GAVE THE PRESIDENT'S IDEA ANY SUPPORT, AND EVEN THIS BACKING HAS BEEN TRUMPED BY THE DECISION OF THE PAKISTAN NATIONAL ALLIANCE(PNA), OF WHICH THE JI IS A MEMBER, TO REJCT THE PROPOSAL.

3.(U) THE PARTIES THAT HAVE DECLARED THEIR OPPOSITION INCLUDE THE PNA, THE UMBRELLA ALLIANCE ORIGINALLY FORMED TO OPPOSE EX-PRIMIN BHUTTO; SHERBAZ MAZARI'S NATIONAL DEMOCRATIC PARTY(,$Ø); MIR GHAUS BIZENJO'S SPLINTER PAKISTAN NATIONAL PARTY (PNP); THE PAKISTAN DEMOCRATIC PARTY; ASGHAR KHAN'S TEHRIK-I-ISTIQLAL(TI); AND, NOT UNEXPECTEDLY, EX-PRIMIN BHUTTO'S PAKISTAN PEOPLES PARTY, WHICH HAS DECIDED ALSO NOT TO RESPOND FORMALLY TO ZIA'S WRITTEN REQUEST FOR COMMENT.

4. (C) COMMENT: OPPOSITION TO PRESIDENT ZIA'S PROPORTIONAL REPRESENTATION IDEA COVERS PAKISTAN'S POLITICAL SPECTRUM AND INCLUDES LEFTIST AND CONSERVATIVE, AS WELL AS NATIONAL AND REGIONAL PARTIES. VERY LITTLE CREDIBILITY IS GIVEN TO THE GOVERNMENT'S EFFORT TO RAISE PUBLIC SUPPORT(REFB). BY AFFIRMING THAT THE PROPOSAL WILL NOT DELAY ELECTIONS, THAT THE CONSTITUTION NEED NOT BE AMENDED, AND THAT THE NCESSARY CONSTITUENCY DELIMITATION CHANGES CAN BE EXPEDITIOUSLY PERFORMED.

5.(C) MOST PARTIES APPEAR TO HAVE BASED THEIR OPPOSITON NOT ON THE MERITS OF THE PROPOSAL -- OR EVEN ITS POTENTIAL IMPACT ON THEIR FORTUNES -- BUT RATHER ON THE CONCERN THAT ITS IMPLEMENTATION, AT THIS LATE DATE, WOULD DELAY ELECTIONS. SECONDARILY, THERE IS CONCERN REGARDING FURTHER MARTIAL LAW EROSION OF THE 1973 CONSTITUTION. PRESS COMMENTARY, ALTHOUGH GENERALLY THOUGHTFUL IN ITS ANALYSIS OF THE ROLE PROPORTIONAL REPRESENTATION COULD PLAY IN THE PAKISTANI POLITICAL SYSTEM, HAS ALSO QUESTIONED ITS IMPACT ON THE ELECTION SCHEDULE AND ITS CONSTITUTIONALITY. PRESIDENT ZIA THUS FACES STIFF ROADBLOCKS TO HIS PROPOSAL AND CONFRONTS, ONCE AGAIN, A WARY AND SUSPICIOUS BODY POLITIC. IN THE MEANTIME, ELECTION PREPARATIONS PROCEED (REF C), THE LID ON POLITICAL ACTIVITIES MAY BE PARTIALLY LIFTED SOON, AND THE SCHEDULE ELECTIONS ARE ONLY A LITTLE OVER THREE MONTHS AWAY. END COMMENT
HUMMEL
BT
#926[illegible]

R [illegible] VV ESA387MJC259
[illegible] MHR
DE RUSBQD #9479 2321230
ZNR SSSSS ZZH
O [illegible]113ØZ AUG 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4472
INFO RUHQHQA/CINCPAC HONOLULU HI
RU [illegible]GU/AMEMBASSY ANKARA 4171
RUMJPG/AMEMBASSY BEIJING 610
RUEJGM/AMEMBASSY COLOMBO 1822
RUMJDK/AMEMBASSY DACCA #476
RUQMRA/AMEMBASSY JIDDA 849
RUSBLK/AMEMBASSY KABUL 9593
RUMJHT/AMEMBASSY KATHMANDU 1818
RUSBKR/AMCONSUL KARACHI 8569
RUSBQD/AMCONSUL LAHORE 6567
RUDTC/AMEMBASSY LONDON 4213
RUEHMO/AMEMBASSY MOSCOW 1471
RUSBAE/AMEMBASSY NEW DELHI 1274
ZEN/AMCONSUL PESHAWAR
RU [illegible]HR/AMEMBASSY TEHRAN 5397
BT
S E C R E T ISLAMABAD 9479

CINCPAC FOR POLAD

E.O. 12065: GDS 8/20/85 (HAGERTY, M.G.) OR-M
TAGS: PINT, PK
SUBJECT: ZIA UL-HAQ NAMES LGEN IQBAL ACTING PRESIDENT DURIN[illegible]
ABSENCE

REF: ISLAMABAD 9403

1. (S-ENTIRE TEXT)

2. IN A MOVE WHICH CAUGHT MOST OBSERVERS BY SURPRISE, PRESIDENT ZIA UL-HAQ DESIGNATED HIS DEPUTY CHIEF OF ARMY STAFF, LGEN MOHAMMAD IQBAL, TO SERVE AS ACTING PRESIDENT OF PAKISTAN DURING ZIA'S BRIEF ABSENCE IN SAUDI ARABIA AUGUST 19-21.

3. THE MOVE WAS NECESSITATED BY THE APPARENT INABILITY OF THE CHIEF JUSTICE OF PAKISTAN, WHO IS THE CONSTITUTIONAL DESIGNATED STAND-IN, TO RETURN TO PAKISTAN FROM BRITAIN, WHERE HIS WIFE IS REPORTEDLY UNDERGOING TREATMENT FOR CANCER. SINCE THE SUPREME COURT JUSTICE NEXT IN RANK IS A NON-MUSLIM, AND THEREFORE CONSTITUTIONALLY DEBARRED FROM SERVING AS PRESIDENT, ZIA ARRANGED A QUICK AMEND-MENT OF THE CONSTITUTION, BY ORDINANCE, TO PERMIT HIM TO DESIGNATE A STAND-IN. THE ORDINANCE AMENDS A 1978 AMENDMENT BY WHICH ZIA, AS CHIEF MARTIAL LAW ADMINISTRATOR WAS EMPOWERED TO NAME HIMSELF OR ANOTHER TO BE PRESIDENT WHEN THE THEN-PRESIDENT CHOUDHRY RESIGNED.

CN 832

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[illegible]HE DECISION TO NAME IQBAL AS ACTING PRESIDENT HAS [illegible]TONGUES WAGGING ANEW WITH SPECULATION OF POSSIBLY [illegible] PERMANENT CHANGES AT THE TOP; IQBAL IS ONE OF TWO [illegible]REE SENIOR GENERALS, ALL ASSOCIATED WITH ZIA'S [illegible]ER OF SULFIKAR ALI BHUTTO ON JULY 1977, WHO HAVE BEEN [illegible]IONED REGULARLY AS A POSSIBLE SUCCESSORS TO ZIA SHOULD [illegible] ARMY LEADERSHIP DECIDE THE PRESIDENT SHOULD STEP [illegible].

[illegible]THERE HAS, MOREOVER, BEEN A SPATE OF RUMORS RECENTLY [illegible]UT THE POSSIBLE APPOINTMENT OF A SO-CALLED "NATIONAL [illegible]RNMENT", HEADED BY A SENIOR MILITARY OFFICER OTHER THAN [illegible] AND COMMISSIONED TO ACT AS CARETAKER THROUGH THE [illegible]OD OF ELECTIONS. THESE RUMORS HAVE BEEN MATCHED [illegible]THERS WHICH HAVE SPECULATED WILDLY THAT ZIA IS [illegible]KING OF ABANDONING THE COUNTRY, TURNING OVER TO [illegible] COLLEAGUES IN THE MILITARY THE NEAR-IMPOSSIBLE CHORE [illegible]URNING OVER THE COUNTRY TO CIVILIAN LEADERSHIP; [illegible] NEWSMEN EVEN CITE REPORTS -- UNCONFIRMED, OF [illegible]SE -- THAT ZIA HAS ALREADY BOUGHT PROPERTY IN [illegible]AMENTO CALIFORNIA TO WHICH HE AND HIS FAMILY WILL [illegible]E EITHER BEFORE OR AFTER ELECTIONS.

[illegible]HERE IS NO SHORTAGE OF SUCH SPECULATIONS ABOUT [illegible]STANI LEADERS ALONG THESE LINES ANY TIME, BUT AT THE [illegible]ENT TIME -- WITH ZIA'S WIFE AND DAUGHTERS ALREADY IN [illegible] US -- THE IQBAL APPOINTMENT MAKES SUCH RUMORS EVEN [illegible] CREDIBLE TO MANY.

[illegible]. ON THE OTHER HAND, WE FIND THE OFFICIAL EXPLANATION [illegible]O WHAT WE HAVE LEARNED FROM OUR OWN SOURCES) MORE THAN [illegible].ISFACTORY TO EXPLAIN THE DECISION TO NAME IQBAL ACTING [illegible]SIDENT AND, WE ASSUME, ACTING CHIEF MARTIAL LAW [illegible]INISTRATOR (CMLA). ON PREVIOUS OCCASIONS WHEN ZIA [illegible] TRAVELLED ABROAD, HE HAS LEFT THE CHIEF JUSTICE AS [illegible]TING PRESIDENT WHILE DESIGNATING THE NEXT SENIOR-MOST [illegible] THE MILITARY COUNCIL AS CMLA. AS DEPUTY CHIEF OF ARMY [illegible]F, IQBAL OUT-RANKS THE OTHER SERVICE CHIEFS AND IS [illegible] SECOND-MOST SENIOR MILITARY OFFICER IN THE COUNTRY, [illegible]CE THE LOGICAL CHOICE TO STAND IN AS PRESIDENT/CMLA, [illegible]IVEN THE CHIEF JUSTICE'S CONTINUING ABSENCE.

[illegible]. WE ASSUME THAT ZIA'S VISIT TO SAUDI ARABIA IS [illegible]ENT AND COULD NOT BE PUT OFF. IN ADDITION TO [illegible]FORMING UMRA, HE IS PRESUMABLY LOOKING FOR SAUDI [illegible]EY TO HELP BAIL PAKISTAN OUT OF ITS PRESENT ECONOMIC [illegible]AITS; THE $200 MILLION THE SAUDIS ALLEGEDLY [illegible]OMISED TO FUND THE ZAKAT FUND HAS YET TO TURN UP. [illegible]D HE BEEN ABLE TO DELAY, WE BELIEVE HE WOULD HAVE [illegible]NE SO, RATHER THAN TURN OVER ALL THE REINS, EVEN [illegible]S THIS BRIEF INTERVAL, TO SOMEONE SO EMINENTLY [illegible]UALIFIED TO HOLD THEM IN HIS OWN RIGHT. HE WILL HAVE [illegible] FACE A NEW DECISION IN THIS REGARD WHEN HE DEPARTS [illegible]K HAVANA IN 10 DAYS.

[illegible]. WE DETECT NO OTHER SIGNS THAT ANYTHING MORE THAN [illegible] TEMPORARY ABSENCE/STAND-IN IS AFOOT.

KUMMEL

[illegible]79

NNNNVV ESA7Ø7MJC993
RR RUQMHR
DE RUSBQD #95Ø9 233Ø945
ZNY CCCCC ZZH
R.21Ø93ØZ AUG 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4484
INFO RUHQHQA/CINCPAC HONOLULU HI
RUQMGU/AMEMBASSY ANKARA 4172
RUMJPG/AMEMBASSY BEIJING 612
RUMJGM/AMEMBASSY COLOMBO 1823
RUMJDK/AMEMBASSY DACCA 3477
RUQMRA/AMEMBASSY JIDDA 851
RUSBLK/AMEMBASSY KABUL 9596
RUSBKR/AMCONSUL KARACHI 8574
ZEN/AMCONSUL LAHORE
ZEN/AMCONSUL PESHAWAR
RUDTC/AMEMBASSY LONDON 4214
RUEHMO/AMEMBASSY MOSCOW 1473
RUSBAE/AMEMBASSY NEW DELHI 1276
RUQMHR/AMEMBASSY TEHRAN 5398
BT
C O N F I D E N T I A L ISLAMABAD 95Ø9

E.O. 12Ø65: GDS 8/21/85 (CDAVID WELCH) OR-P
TAGS: PINT, PK, MNUC, SHUM, PEPR, US
SUBJ: (U) PRESS PUBLISHES BENAZIR BHUTTO'S "NUCLEAR DEAL" LETTER

REFS(A) ISLAMABAD 9161(B) ISLAMABAD 9316

1.(U) PAKISTAN PRESS INTERNATIONAL (PPI) RELEASED ON AUGUST 2Ø A PHOTOSTAT COPY(POUCHED NEA/PAB), OF WHAT IT ALLEGES TO BE THE BENAZIR BHUTTO LETTER DATED MARCH 26, 1978, TO HER BROTHER OFFERING TO TRADE PAKISTAN'S NUCLEAR PATRIMONY FOR U.S. SUPPORT FOR THE CLEMENCY OF THEIR FATHER (REF A). A PORTION OF THE LETTER IS REPRODUCED ON THE FRONT PAGE OF THE CONTROLLED "PAKISTAN TIMES" OF AUGUST 2Ø. BENAZIR'S MOTHER, BEGUM NUSRAT BHUTTO HAD PREVIOUSLY DENIED THE LETTERS EXIST AND DARED PPI TO PUBLISH THE ORIGINAL (REF B).

2.(U) THE INFAMOUS MISSIVE IS A RATHER ML
AWY OGLONG, RAMBLING EXHORTATION TO MURTAZA BHUTTO CALLING ON HIM TO BEGIN TO ORCHESTRATE A PUBLIC RELATIONS AND DIPLMOATIC CAMPAIGN TO GAIN CLEMENCY FOR EX-PRIMIN ZULFIKAR ALI BHUTTO, POIGNANT IN PARTS, THE LETTER REVELS BENAZIR'S FEAR THAT THE SUPREME COURT JUDGEMENT WOULD BE A RUBBER STAMP APPROVAL OF THE GOVERNMENT'S DECISION TO EXECUTE BHUTTO. BECAUSE HER CONFIDENCE IN THE JUDICIARY WAS SO LIMITED, BENAZIR WROTE THAT INTERNATIONAL PRESSURE, AND ESPECIALLY U.S. PRESSURE, ON PRESIDENT ZIA WOULD BE THE ONLY POSSIBLE COURSE AVAILABLE TO SAVE BHUTTO'S LIFE.

3.(U) BURIED IN THIS LONG MESSAGE ARE THE SECTIONS OF THE LETTER QUOTED EARLIER (REF A). BY THE GOVERNMENT-CONTROLLED PRESS TO SUBSTANTIATE THEIR VIEW THAT BENAZIR MADE A DEAL WITH THE U.S. THE SO-CALLED "KEY" LINES ARE ONLY FOUR OR FIVE BRIEF SENTENCES IN A TWELVE PAGE LETTER.

4.(C) COMMENT: THERE IS NO MENTION OF THE NUCLEAR ISSUE ANYWHERE IN THE BENAZIR LETTER; THERE IS, HOWEVER, MENTION OF THE BHUTTO "POLICY WHEN HE WAS FOREIGN MINISTER".. WHICH " WAS NOT DIRECTED AGAINST AMERICA BUT THE AMERICANS WERE CONVINCED THAT IT WAS." BHUTTO, OF COURSE, BECAME PRIME MINISTER IN 1971, WELL BEFORE THE NUCLEAR PROBLEM REALLY BEGAN TO REAR ITS HEAD. OUR READING OF THESE REMARKS IS THAT IN THEIR CONTEXT THEM IMPLY THAT THE PPP WOULD, IF ANYTHING, TRADE ITS RHETORIC FOR U.S. SUPPORT ON THE BASIS OF WHAT HAS BEEN PUBLISHED IT IS A LEAP OF FAITH TO SUGGEST THAT ANYTHING ELSE, LET ALONE PAKISTAN'S NUCLEAR PROGRAM, WAS "OFFERED".

5. THE GOVERNMENT MAY HAVE SCORED A MINOR PROPAGANDA POINT, HOWEVER, BECAUSE BEGUM BHUTTO DID DENY THE EXISTENCE OF THE LETTER AND OF ANY DEAL WITH THE U.S. WE CANNOT VOUCH THAT THE PPI COPY IS AUTHENTIC, BUT IT READS LIKE THE REAL THING AND THE HANDWRITING SHOULD BE IDENTIFIABLE. THE BHUTTO WOMEN MAY THEREFORE, HAVE BEEN TRAPPED A LIE WHICH COULD BE FURTHER EXPLOITED BY THE GOVERNMENT IN ITS CONTINUING ANTI-PPP PROPAGANDA CAMPAIGN.

HUMMEL

BT
#95Ø9

NNNNVV ESA663MJC871
PP RUQMHR
DE RUSBQD #9547 2331200
ZNY CCCCC ZZH
P R 211120Z AUG 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 4487
INFO RUSBLK/AMEMBASSY KABUL 9597
RUSBKR/AMCONSUL KARACHI 8576
ZEN/AMCONSUL LAHORE
ZEN/AMCONSUL PESHAWAR
RUSBAE/AMEMBASSY NEW DELHI 1278
RUSBHR/AMEMBASSY TEHRAN 5399
RUSBKW/AMEMBASSY KUWAIT 229
RUEHAD/USINT BAGHDAD 40
BT
C O N F I D E N T I A L ISLAMABAD 9547

CN 887

POL
CHG
CHRON
ECON
RF

E.O. 12065: GDS 8/20/85 (C. DAVID WELCH) OR-P
TAGS: PINT, PK, IR, OTRA (GRUMMON, STEPHEN R.)
SUBJ:(U) ORIENTATION/CONSULTATION TRAVEL FOR STEPHEN R. GRUMMON

REFS: (A) STATE 206124 (B) GRIFFIN-HAGERTY LETTER 18 JULY
(C) KARACHI 4768(NOTAL) (D) ISLAMABAD 8722

1. (C) ENTIRE TEXT.

2. WE WELCOME STEVE GRUMMON'S VISIT TO PAKISTAN AND SHOULD, INSHALLAH, BE ABLE TO PROVIDE A PROGRAM THAT MEETS THE INTERESTS MENTIONED IN GEORGE GRIFFIN'S LETTER OF JULY 18 TO POLCOUNS HAGERTY. CONTROL OFFICER FOR GRUMMON VISIT WILL BE FSO DAVE WELCH.

3. EMBASSY WILL MEET AND ASSIST GRUMMON IN RAWALPINDI ACCOMMODATIONS ARE RESERVED AT EMBASSY COMPOUND TRANSIENT APARTMENTS. WE HOPE GRUMMON WILL BE FREE TO ACCEPT INVITATION RECEPTION EVEING OF SEPTEMBER 4 AT MACIRTY RESIDENCE; THIS WILL AFFORD OPPORTUNITY TO MEET A WIDE VARIETY OF THE ISLAMABAD/RAWALPINDI DIPLOMATIC, GOVERNMENT, AND POLITICAL COMMUNITY. IF HE IS IN TOWN, AGHA MURTAZA POOYA, PROPRIETOR OF THE MUSLIM, WILL PROBABLY BE FREE TO SEE GRUMMON. WE ARE ARRANGING OTHER LOCAL CALLS AND APPOINTMENTS AT THE MINISTRY OF FOREIGN AFFAIRS.

4. CONGEN LAHORE IS ARRANGING APPOINTMENTS WITH LOUIS DUMIE, SHIA LEADERS, AND OTHERS FOR SEPTEMBER 6. ALTHOUGH CONSUL GENERAL FULLER, DPO EISENBRAUN, AND POL ADVISER WILL BE AWAY DURING THIS TIME, EISENBRAUN WILL RETURN LATE ON THE 6TH AND WILL BE ABLE TO MEET NEXT MORNING WITH GRUMMON. CONGEN DRIVER WILL MEET AND ASSIST; HE WILL ALSO BE BRIEFED ON GRUMMON'S LAHORE SCHEDULE. HOTEL RESERVATIONS ARE BEING MADE.

5. ALTHOUGH CONSUL ARCHARD WILL NOT BE IN PESHAWAR SEPTEMBER 7-9, WE ANTICIPATE THAT BRUCE FLATIN, A/DCM KABUL, WILL BE TRANSITING PESHAWAR AND STAYING AT THE ARCHARD RESIDENCE ON THE 8TH ARCHARD HOPES THAT GRUMMON WILL STAY AT THE RESIDENCE. DISCUSSION THERE WITH FLATIN WILL BE POSSIBLE, PRESUMING SCHEDULES DO NOT SLIP. CONSULATE POL ADVISER IS ARRANGING LOCAL CALLS. CONSULATE WILL MEET GRUMMON AT THE AIRPORT.

6. CONGEN KARACHI HAS SCHEDULED APPOINTMENTS FOR GRUMMON WITH THE CONSUL GENERAL AT 0920 HOURS, MR. R.A. AKHUND, ADDITIONAL CHIEF SECRETARY, PLANNING AND DEVELOPMENT, SIND, AT 1000 HOURS, AND WITH MR. M. G.M. AKHTAR, CHAIRMAN PAKISTAN INDUSTRIAL DEVELOPMENT CORP., AT 100 HOURS, MONDAY, SEPTEMBER 10. IN ADDITION, THEY ARE SEEKING APPOINTMENTS WITH MR. MUNAWAR ALI KHAN, MEMBR, SIND PROVINCIAL ELECTION COMMITTEE, ALLAMA TALIB JAURBI AND PROMINENT BALUCHI POLITICAL LEADERS, INCLUDING BIZENJO, MAZARI AND MENGAL, IF THEY ARE IH TOWN. DPO BRIMS WILL ACCOMPANY GRUMMON. BRIMS ALSO INVITES GRUMMON TO STAY AT HIS HOME. GRUMMON WILL BE MET AT THE AIRPORT.

7. DETAILED SCHEDULES WILL BE PROVIDED ON ARRIVAL.

HUMMEL

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FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4525
INFO RUMJPG/AMEMBASSY BEIJING 616
RUDKRB/AMEMBASSY BELGRADE 121
RUMJGM/AMEMBASSY COLOMBO 1825
RUMJDK/AMEMBASSY DACCA 3478
RUQMRA/AMEMBASSY JIDDA 855
RUSBLK/AMEMBASSY KABUL 9568
RUSBKR/AMCONSUL KARACHI 8586
ZEN/AMCONSUL LAHORE
RUDTC:AMEMBASSY LONDON 4218
RUEHMO/AMEMBASSY MOSCOW 148Ø
RUSBAE/AMEMBASSY NEW DELHI 1289
ZEN/AMCONSUL PESHAWAR
RUQMHR/AMEMBASSY TEHRAN 54Ø5
RUEHTV/AMEMBASSY TEL AVIV 3Ø7
RUHQHQA/CINCPAC HONOLULU HI
RUEHUB/USINT HAVANA 13
RUEHDT/USUN NEW YORK 1825
VBT
C O N F I D E N T I A L ISLAMABAD 96Ø5

E.O. 12Ø65: GDS Ø8/22/85 (HUMMEL, A.W.) OR-M
TAGS: PORG, PK
SUBJECT: (U) HAVANA NAM SUMMIT - ZIONISM AS RACISM ISSUE

REF: (A) STATE 22ØØ59, (B) ISLAMABAD 8682

1. (C) ENTIRE TEXT.

2. IN AUGUST 22 MEETING WITH GOP FOREIGN SECRETARY SHAHNAW
I RAISED ISSUE OF ZIONISM-RACISM AS REPRESENTED IN CUBAN D
COMMUNIQUE. I MADE POINTS OUTLINED IN REFTEL AND EXPLAINED
THIS CONCERN SUPPLEMENTS OUR PREVIOUS DISCUSSIONS WITH
ADDITIONAL SECRETARY SAQIB ON CUBAN DRAFT (REFTEL B).

3. SHAHNAWAZ RESPONDED WITH GENERAL STATEMENT THAT GOP
DELEGATION HAS STUDIED CUBAN DRAFT CAREFULLY AND IS WELL
AWARE OF ITS FAULTS IN MANY AREAS. "WE WELL DO WHAT WE
CAN", HE SAID, "WHEN THE COMMUNIQUE COMES UP FOR DEBATE."
HE REMARKED THAT THE Z-R ISSUE IS ONE OF PARTICULAR
SENSITIVITY TO PAKISTAN AS ITS POLICY AT HAVANA MUST NOT
CONTRADICT PREVIOUS POSITIONS TAKEN IN ISLAMIC CONFERENCE
MEETINGS. HE DID NOT GET MORE SPECIFIC.

I EXPRESSED BY DISAPPOINTMENT THAT THE YUGOSLAV AMBAS-
ADOR IS NOT PRESENTLY IN COUNTRY AS HE WOULD PROBABLY
AVE MUCH TO OFFER ON NAM IN GENERAL, AND ON CUBAN DRAFT
PARTICULAR. SHAHNAWAZ AGREED HEARTILY WITH MY DIS-
PPOINTMENT, BUT SAID THAT YUGO CHARGE HAD BEEN CHANNEL FOR
VIEWS.

NEW SUBJECT: ZIA'S NAM TRAVEL PLANS:
UR LATEST INFO FROM MFA IS THAT PRESIDENT ZIA UL-HAQ
ILL ARRIVE IN NEW YORK ON SEPTEMBER 1 AT 163Ø ON SPECIAL
IRCRAFT. HE WILL RON NEW YORK (PROBABLY WILL BE JOINED
Y WIFE AND CHILDREN FROM WASHINGTON(, THEN DEPART SEPTEM-
ER 2 AT 1ØØØ HOURS FOR DIIRECT FLIGHT TO HAVANA, WITHOUT
AMILY. HIS POST-HAVANA PLANS ARE NOT YET CLEAR.

HUMMEL

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1979 SEP 26 AM 11

BUREAU OF
INTELLIGENCE
AND RESEARCH

(U) PAKISTAN'S SHORT-TERM PROSPECTS

Summary

(S) President Zia-ul-Haq's chances of finishing out the year as Pakistan's leader are in doubt. He has called elections for November 17, but it would not be surprising if he canceled or postponed them. He would run some risk in doing so. Martial law is unpopular, and he would face increasing unrest.

(S) Tensions between the provinces will continue to frustrate Zia's efforts to develop a national consensus on the type of government Pakistan should have. The deep malaise in Pakistan is thus unlikely to improve by the end of 1979. On the other hand, there are few clear alternatives to Zia, and the military probably will stick with him at least as long as the country is peaceful.

(C) On the economic front, Pakistan is entering severe difficulties. Inflation is accelerating. The size of the balance of payments deficit has caused Pakistan to ask for debt rescheduling.

(C) Foreign affairs also present problems for Zia. He would like to be able to use the US as a counterweight to the USSR, but his determination to proceed with nuclear development is complicating Islamabad's relations with Washington. The Pakistani nuclear program also may eventually [illegible] the present improvement in relations with India, which are the best they have been in recent history. Finally, Pakistan's relations with Afghanistan will continue to be dangerously uneasy.

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RDS-2 8/24/85 (multiple sources)

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

Report No. 123
August 24, 197

Zia's Political Problems

(C) Lack of firm leadership has had a profoundly depressing effect on the Pakistani population. While President Zia is not actively hated--his martial law administration is not harsh--he is generally regarded as a bumbler incapable of extricating himself or the country from the current troubles. Among the upper and middle classes, there is a flight of capital and talent that bodes ill for Pakistan's future political and economic stability.

(U) Zia's main political opposition continues to come from former Prime Minister Bhutto's Pakistan People's Party, which has shown signs in the past month of regenerating its power as the largest and best-organized political party in Pakistan's history. Although initially reeling from the shock of Bhutto's execution last April, the party's leaders are increasingly confident that they could win any fair election in Pakistan.

(C) Their strategy reportedly is to lie low, avoid confronting the martial law administration on any issue, and take their case to the people. While the party still faces potential problems over leadership, Bhutto's wife has announced her claim to head it. She may be able to supply the unity the party needs to compete in the elections, though she will be largely a figurehead.

(U) Zia also faces potential opposition from those who once supported him. The loose coalition of parties that banded together to topple Bhutto in 1977 extended its support to the successor martial law government. The parties gradually fell away, however, in disputes with Zia over various issues, culminating with the complete withdrawal of civilian political participation in Zia's government a month after Bhutto's execution. They have now joined the Pakistan People's Party in opposing continuation of martial law and calling for elections.

(U) Factionalism and a lack of charismatic leaders plague Pakistan's political groupings. One of the formerly

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powerful opposition organizations, the tribal-based Natio Democratic Party, recently split apart in a clash over pe sonalities and over the degree of provincial autonomy tha the party would espouse.

The Election Issue

(C) Whether Zia will hold elections is uncertain. A late as July 22, he recommitted himself to polls in Nove The outcome he desires would be a majority of seats won b center and rightist parties, which would then form a gove ing coalition--possibly with a strong military president keep them on an even keel. A victory by the People's Pa on the other hand, would threaten Zia's personal liberty well as reinstate policies that Zia believes bankrupted country both morally and economically.

(C) With electoral modifications designed to weaken the opposition, Zia might go ahead with elections. He ha insisted that not only will he turn over power to an ele government, but also that he will resign as Chief of Army Staff and retire from public life. That he would willin take himself completely out of public life, however, see unlikely.

(C) Despite his assurances that elections will be he it would not be out of character for Zia to reverse himse out of fear of the latent strength of the opposition. He could also cancel elections for other reasons, particular if there is pre-election turmoil, or even--as some are convinced--to be sure of keeping his job.

(S) If Zia does break his promise to hold elections, increasing public unrest can be expected. The People's Party would certainly take the lead to try to bring him down. He would also face rising pressure from within th military. Several of his generals feel that the army ha already been too long in the difficult and distracting business of running the country. If he does not hold el tions soon, they might quietly press him to step aside. Zia, however, probably would be able to resist such pres as long as he as not confronted with serious internal di orders at the ame time.

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) Economic Problems

Pakistan's poor economic prospects reflect the lack of ceful political leadership. Industrial production is overing somewhat from the stagnation of the Bhutto era, hough political uncertainties are inhibiting investment fidence in the private sector. Agricultural performance ains mixed. Wheat production is at a record level and e has been showing steady increases in production; on other hand, cotton, vital both to the domestic textile lustry and as an export earner, remains in a prolonged mp. Overall growth in gross domestic product in 1978-79 in the range of 6 to 7 percent for the second year in a w, in contrast to the 2- to 3-percent rates that pre-ailed during the last years of Bhutto's rule.

At the same time, Pakistan is rapidly approaching financial cris , and its leaders have once again requested bt reschedu ng. At the heart of its difficulties are sive government budget deficits swollen by large con-mer subsidies and by heavy expenditures on misconceived blic-sector industrial projects, the nuclear program, and a large defense budget.

The result is an accelerating inflation rate and a severe balance of payments problem. Only a high level of expatriate worker remittances prevented a balance of pay-ments crisis last year. In the meantime, the external debt service burden is increasing rapidly, resulting in a serious erosion of net foreign aid flows. A foreign debt rescheduling exercise will probably become a necessity within the next year, but Pakistan's official creditors remain reluctant to consider special financial accommoda-tions until the government shows more determination to try to live within its means.

The Foreign Equation

(S/NF/NC/OC) Pakistan's troubled relationship with the US is a central preoccupation for Pakistani leaders. Zia, however, is not likely to go very far to compose the differ-ences. Instead, he seems likely to feed anti-American prop-aganda as a way to deflect domestic criticism.

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(S/NF/NC/OC) The most probable issue for collision with the US is the Pakistani nuclear program. There is a good possibility that Islamabad will continue its clandestine effort to gain a nuclear explosive capability. It appears to be attempting to mask its efforts with the label of "research and development." The Pakistanis seem bent on stringing out negotiations with the US and other Western countries in order to gain time for their scientists. There are conflicting reports on when such a test would be technically feasible. Some reports suggest Islamabad may try to detonate a device as early as this fall. It is not likely, however, that Pakistan will have the capability to conduct a test this year, as was previously expected.

(C) Another problem in the US-Pakistani relationship is the unchecked expansion of opium poppy cultivation in the tribal areas of Pakistan along the Afghan border. The output of the Pakistani area probably reached 400 metric tons last year. Combined with the production of neighboring Afghanistan, the total surpasses that of the "Golden Triangle";1/ and Pakistani refining capacity is becoming increasingly sophisticated.

(C) The Pakistani writ of authority, never very strong in tribal areas, is now even less effective in controlling opium production and smuggling because of the insurgency on the Afghan side of the border. In addition, the Islamic ordinance introduced in February banning all intoxicants paradoxically threw the narcotics control apparatus into a shambles when it removed existing enforcement mechanisms without providing new ones.

(C) Afghanistan will continue to be an urgent foreign policy problem for Pakistan over the next six months. So far, Islamabad has reacted with considerable restraint to the pressure of approximately 140,000 refugees inside its borders, hostile propaganda from Kabul and Moscow, and various border incidents such as jet aircraft overflights and occasional shelling. Islamabad's urge to aid the dissidents in overthrowing the unfriendly Taraki/Amin regime may

1/ The inaccessible, mountainous Shan plateau which ranges from northeastern Burma into Thailand, Laos, and China.

grow but will be tempered by the knowledge that the Soviets and Afghans have the capability to make things quite uncomfortable for Pakistan by meddling in Baluchistan.

(C) Pakistan should achieve its goal of joining the non-aligned movement following September's summit meeting in Havana. Islamabad has made a wide-ranging and effective effort in lobbying support for admission. Pakistan is likely to be admitted even in the face of Afghan opposition--which Afghanistan has threatened. India dropped its opposition to Pakistan's entry after dissolution of the CENTO alliance early this year.

(C) Relations with India are the one bright spot in Pakistan's present situation. They are better than they have been for the nearly 33 years of the countries' separate existence. Not only are there full diplomatic and consular relations but also air, land, communications, and trade links. The unresolved Kashmir issue has seemingly been pushed to a back burner, and each country has been carefully noncommittal about the internal and foreign affairs problems of the other. The Pakistani leadership was especially relieved by India's restraint when Bhutto was executed. Although Islamabad still distrusts New Delhi for its relationship with the Taraki regime in Kabul, in some ways Pakistan has come to look upon India as a source of support.

(S) This harmony is not likely to last. Desai's ouster and replacement by Charan Singh will certainly herald a more nationalistic, less idealistic Indian government. Although not otherwise hostile to Pakistan, Indian policy is likely to be determined by sensitivity over the nuclear issue. If New Delhi perceives the Pakistani nuclear weapons effort as serious, it could quickly lead to a deterioration in relations. As India prepares for elections this November, the caretaker Singh government is not likely to take any dramatic steps that would undermine relations, though some of the campaign rhetoric could focus on the threat of a Pakistani "bomb."

Prepared by Karen Longeteig
x28575

Approved by George Harris
x28397

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RUMJGM/AMEMBASSY COLOMBO 1832 CHRON
RUQMRA/AMEMBASSY JIDDA 862 ECON
RUSBLK/AMEMBASSY KABUL 9615 RF
RUSBKR/AMCONSUL KARACHI 8675
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDON 4225
RUEHMO/AMEMBASSY MOSCOW 1486
RUSBAK/AMEMBASSY NEW DELHI 13[illegible]
ZEN/AMCONSUL PESHAWAR
RUQMER/AMEMBASSY TEHRAN 541[illegible]
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD [illegible]

E.O. 12065: N/A
TAGS: OREP (CODEL WOLFF) PAK, MPOL, [illegible], PINT, PA
SUBJECT: (LOU) GOP BRIEFINGS FOR CODEL WOLFF

1. THREE-HOUR SESSION AT MFA ON AUGUST 26 DEVOTED TO GOP WILLING AS A BRIEFING AND DISCUSSION; PARTICIPANTS PAKISTAN GOVERNMENT SIDE WERE [illegible], HEAD OF INTELLIGENCE, GHULAM ISHAQ KHAN, FINANCE MINISTER, AND AGHA SHAHI, FOREIGN AFFAIRS ADVISOR (DE FACTO FOREIGN MINISTER) TO THE PRESIDENT; SHAHI PARTICIPATED BRIEFINGS WERE FULL, AND EXCHANGE, SPIRITED.

2. INTELLIGENCE BRIEFING: [illegible] BRIEFING COVERED MAINLY THE THREATS TO PAKISTAN'S SECURITY FROM ITS TWO IMMEDIATE NEIGHBORS, AFGHANISTAN AND INDIA, AS WELL AS MORE GENERAL CONCERNS ABOUT SOVIET HAND IN AND BEHIND AFGHAN SITUATION. HE NOTED APRIL 1978 REVOLUTION IN KABUL HAD BROUGHT SOVIET UNION FROM OXUS TO KHYBER IN ONE STEP. HE RECOUNTED DEVELOPMENTS IN AFGHANISTAN SINCE THEN, DESCRIBED STATUS OF REBELLION NOW UNDERWAY IN 24 AND OF 29 PROVINCES, AND DETAILED ARMS PROVIDED BY MOSCOW. ALSO SPOKE OF INDIA AS "PARAMOUNT" REGIONAL POWER. CONTRASTED THE INDO-

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SOVIET RELATIONSHIP TO THE SINO-SOVIET CONFLICT, EMPHASIZED INDIA'S MILITARY AND TECHNOLOGICAL SUPERIORITY OVER ITS NEIGHBORS, AND CHARACTERIZED PAKISTAN AS A "STUMBLING BLOCK" TO INDIA'S "ARROGATION TO ITSELF" OF THE ROLE OF THE REGIONAL INFLUENTIAL -- A ROLE APPROVED, HE SAID, BY BOTH THE US AND THE USSR. BRIEFING WAS LONG ON CAPABILITIES EMPHASIZING INDIAN MILITARY AND INDUSTRIAL MIGHT, AND TYPICALLY SHORT ON INTENTIONS.

3. SHAHI BRIEFING: FOREIGN ADVISOR AGHA SHAHI'S PRESENTATION WAS EFFORT AIMED AT DEMONSTRATING US-PAKISTAN RELATIONS HAVE HAD MANY POINTS OF FRICTION OVER THE YEARS, EXPRESSING HOPE FOR FUTURE RELATIONS, AND DENYING THAT PAKISTAN PLANS TO DEVELOP A NUCLEAR WEAPONS CAPABILITY.

4. IN BRIEF HISTORICAL RESUME, SHAHI TICKED OFF: (A) US MILITARY AID TO INDIA IN 1962; (B) US "UNHAPPINESS" WITH WARMING PAKISTAN-CHINESE RELATIONSHIP IN 1964-5; (C) US ACTIONS DURING 1965 INDO-PAK CONFLICT, INCLUDING ARMS EMBARGO WHICH HE CLAIMED (ERRONEOUSLY) LASTED THROUGH 1975; (D) PAK DISAPPOINTMENT OVER THE YEARS WITH CENTO AND WITH US LATTER-DAY ECONOMIC AND MILITARY AID PERFORMANCE (IN CONTRAST WITH OBLIGATIONS OF 1954 AND 1959 AGREEMENTS); (E) THE A-7 TURN-DOWN; (F) THE CONTROVERSY OVER THE FRENCH NUCLEAR REPROCESSING PLANT CONTRACT (WHICH, HE SAID, THE US URGED BE ABROGATED WHILE PROCLAIMING THE SOLEMNITY OF US CONTRACTUAL OBLIGATIONS RE TARAPUR IN INDIA); AND, (G) THE PRESENT APPLICATION OF THE SYMINGTON AMENDMENT OVER THE NUCLEAR ENRICHMENT ISSUE (NOTING THIS IS DOUBLE STANDARD IN COMPARISON WITH CONTINUED US SALES OF ENRICHED FUEL TO INDIA, WHICH HAS EXPLODED NUCLEAR DEVICE). IN THIS CONTEXT, SHAHI EXPLICITLY ACKNOWLEDGED PAKISTAN'S "NEWLY ACQUIRED CAPABILITY TO ENRICH URANIUM;" IN RESPONSE TO CODEL QUERIES WHY SUCH CAPABILITY IS NECESSARY IN VIEW OF ABSENCE OF PAK PEACEFUL REQUIREMENT FOR ENRICHED URANIUM, SHAHI EXPRESSED PAK DETERMINATION TO ACQUIRE FULL FUEL CYCLE SO AS TO BE IMMUNE FROM FOREIGN PRESSURES AS HAPPENED WITH KANUPP AND THE CANADIANS. HE ALSO STATED FLATLY THAT PAKISTAN "HAS NO INTENTION TO MAKE A BOMB."

5. SHAHI RECOUNTED PAK WILLINGNESS TO PUT FRENCH PLANT UNDER SAFEGUARDS AND PLUTONIUM THEREFROM UNDER INTERNATIONAL CONTROL. HE ALSO RECAPPED PAKISTAN'S EFFORTS TO ACHIEVE SOME SORT OF NUCLEAR-FREE ZONE ON A REGIONAL BASIS, INCLUDING ITS SANCTZ AND ITS OFFER TO INDIA OF MUTUAL INSPECTIONS. PAKISTAN IS

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ALONE IN THE REGION WITH INDIA, AND "OLD THREAT", AND AFGHANISTAN, A "NEW THREAT," AND WITH BOTH "SUPERPOWERS AGAINST US." BUT PAKISTAN IS "PROUD," HE SAID, AND THE "CAMPAIGN OF SCORN IN THE US MEDIA WILL WIN NO FRIENDS HERE." SHAHI HINTED AT POSSIBLE PAK ACCOMMODATION WITH USSR WHICH HE SAID MANY INTELLECTUALS FAVOR.

6. ON ISLAMIC BOMB ALLEGATIONS, SHAHI SAID CATEGORICALLY: "WE HAVE NOT IPE TECHNOLOGY TO BUILD A BOMB. WE HAVE NOT SOLICITED NOR HAVE WE RECEIVED AID IN OUR NUCLEAR PROGRAM FROM ANY MUSLIM COUNTRY. WHAT WE ACHIEVE IN OUR (PEACEFUL) PROGRAM WILL BE AN ACHIEVEMENT FOR PAKISTAN AND WILL PUT PAKISTAN IN THE SUPPLIERS MARKET. WE HAVE NO INTENTION TO DEVELOP WEAPONS." AT A LATER POINT, SHAHI ASKED RHETORICALLY IF THE US COULD PROVE

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RUMJGM/AMEMBASSY COLOMBO 1835
RUQMRA/AMEMBASSY JIDDA 833
RUSBLF/AMEMBASSY KABUL 9616
RUSBKR/AMCONSUL KARACHI 8606
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDON 4226
RUSHMO/AMEMBASSY MOSCOW 11487
RUSBAE/AMEMBASSY NEW DELHI 1306
ZEN/AMCONSUL PESHAWAR
RUQMER/AMEMBASSY TEHRAN 5411
RUFELG/AMCONSUL LENINGRAD 012
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD 9720

PAKISTAN HAS RECEIVED MONEY FOR ITS NUCLEAR PROGRAM FROM LIBYA OR ANY OTHER; HE CHARACTERIZED THE NOTION THAT LIBYA WOULD WANT "A CRUDE PAKISTAN BOMB FOR JIHAD AGAINST JEWS AND CHRISTIANS;" AS "PURE FANTASY."

7. CHAIRMAN WOLFF, CHARACTERIZING THE BURT ARTICLE AS "INFAMOUS," DESCRIBED HIS OWN CODEL AS "COMMANDOS OF PEACE." INTERESTED IN LONG-TERM TIES WITH PAKISTAN, NOT A RELATIONSHIP BASED ONLY ON COMMON FOES. HE DESCRIBED HIS BASIC CONCERN AS "STABILITY IN THE REGION," WHICH HE CHARACTERIZED AS BEING IN PAKISTAN'S AND AMERICA'S INTEREST. NUCLEAR QUESTION, HE SAID, THREATENS TO OPEN A PANDORA'S BOX IN THE REGION. HE SPOKE OF CONGRESSIONAL ATTITUDES ON NON-PROLIFERATION. SUPPORTED THE SYMINGTON AMENDENT, AND ATTEMPTED TO EXPLAIN US USE OF DIFFERENT APPROACHES IN DIFFERENT COUNTRIES, DEPENDING ON THEIR NUCLEAR STAGE.

8. WOLFF EMPHASIZED THE NEED FOR TRUST IN THE US-PAK RELATIONSHIP, POINTED OUT THE CONTINUING EXISTENCE OF THE 1954 AND 1959 AGREEMENTS (NOT DENOUNCED), SPOKE OF THE NEED TO IGNORE UNFORTUNATE ARTICLES AIMED AT SELLING PAPERS, ASSURED SHAHI THAT THE US HAS NO

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INTENTION OF INTERFERE IN PAKISTAN'S INTERNAL AFFAIRS, AND OFFERED THAT THE US WOULD LIKE TO HELP PAKISTAN IN WHATEVER WAY WE CAN. HE POINTED TO THE CONSTRAINTS OF U.S. LAW (AND POLICY), HOWEVER, AND EXPRESSED HIS OWN STRONG COMMITMENT TO THE NEED TO CONTROL NUCLEAR PROLIFERATION.

12. OTHER MEMBERS OF CODEL, WHILE OCCASIONALLY EXPRESSING DISAGREEMENTS AMONG THEMSELVES ON VARIOUS ISSUES, TENDED IN THE MAIN TO SUPPORT WOLFF POSITION, POWELL AND LAUSCHER ALSO URGING GOP TO ASSIST US IN EXPLAINING THIS SITUATION BEHIND US, GUYER EMPHASIZING NEED TO GET THE ECONOMY GOING AGAIN, AND BOB CASEY AND EDMONDSON URGING PAKISTAN TO RECONSIDER PLANS TO DEVELOP WEAPONS CAPABILITY.

13. IN PARTIAL RESPONSE TO WOLFF, GHULAM ISHAQ INDICATED PAKISTAN IS "ATTEMPTING TO MASTER THE ENTIRE NUCLEAR FUEL CYCLE", TO MEET ITS FUTURE ENERGY NEED; THIS WILL TAKE 8-12 YEARS, HE SAID. THE NEXT PLANTS PAKISTAN WILL BUILD WILL BE BREEDER REACTORS, WHICH WILL REQUIRE ENRICHED FUEL. HE ADDED: WE ARE POOR, AND WE ARE SMALL. BUT WE ARE NOT IRRESPONSIBLE. PAKISTAN WOULD VANISH IN A NUCLEAR HOLOCAUST."

14. GHULAM ISHAQ BRIEFINGS. IN SHORTEST OF THE PRESENTATIONS, FINANCE MINISTER GHULAM ISHAQ KHAN ROUTINELY REPEATED STANDARD GOP POSITION ON ECONOMIC SITUATION. HE STARTED BY SAYING THAT PRESENT GOVERNMENT HAD INHERITED A "SHAMBLES" OF AN ECONOMY AND IN THE TWO YEARS HAS DONE A LOT TO SALVAGE IT. THIS IS EVIDENCED BY TWO STRONG YEARS OF PRODUCTIVE ECONOMIC GROWTH CONCENTRATED IN PRODUCTIVE SECTORS, WHICH CONTRASTS WITH SEVEN PREVIOUS YEARS OF STAGNATION IN ALL BUT A FEW SECTORS. THE GOVERNMENT HAS ALSO DEALT FIRMLY WITH THE BUDGET PROBLEM, AS EVIDENCED THE MUCH CRITICIZED EFFORT TO RAISE TAXES SUBSTANTIALLY. THE BALANCE OF PAYMENTS SITUATION WILL TAKE LONGER TO TURN AROUND. TO BUY TIME, THE GOP HAS REQUESTED DEBT RESCHEDULING AT THE LAST TWO AID TO PAKISTAN CONSORTIUM MEETINGS. HE PROMOTED THE TARGET OF .75 PERCENT OF GNP BY DCS FOR FOREIGN ASSISTANCE INTO A "COMMITMENT", AND SAID U.S. WAS DEVOTING SCARCELY .20 PERCENT OF GNP TO FOREIGN ASSISTANCE. MISREPRESENTING WHAT ACTUALLY HAPPENED AT CONSORTIUM MEETINGS, ISHAQ CLAIMED THE REQUESTS HAD BEEN BLOCKED BY THE U.S. BOTH TIMES. HE WENT ON TO SAY THAT IF PAKISTAN DID NOT RECEIVE ADDITIONAL AID OR DEBT RESCHEDULING, ITS DEVELOPMENT WOULD COME TO A HALT AND THE MISERY OF THE

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POPULATION WOULD BE INCREASED. HE DID NOT, HOWEVER, SUGGEST DEFAULT AS A RESULT OF THE BALANCE OF PAYMENTS CRISIS, AN OMISSION WE INTERPRET AS STEMMING FROM A DESIRE TO BE REASONABLE AND NON-THREATENING TO THAT AUDIENCE.

15. REPORT ON CODEL NARCOTICS BRIEFINGS FOLLOWS SEPTEL.

16. THIS REPORT NOT , RPT NOT, SEEN BY CODEL.

HUMMEL

PT

#0720

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NN VV ESB062MJC657
RR RUQMHR
DE RUSBQD #0251 2530943
ZNR UUUUU ZZH
R 101751Z SEP 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4771
INFO RUMJGM/AMEMBASSY COLOMBO 1850
RUMSBY/AMEMBASSY DACCA 3545
RUMKAB/AMEMBASSY KABUL 0665
RUEKHR/AMCONSUL KARACHI 8701
RUMRNT/AMEMBASSY KATHMANDU 1841
ZEN/AMCONSUL LAHORE POUCH
RUEHLO/AMEMBASSY LONDON 4245
RUMFMA/AMEMBASSY MANILA 1355
RUDHAS/AMEMBASSY NEW DELHI 1367
RUEHFR/AMEMBASSY PARIS 3231
ZEN/AMCONSUL PESHAWAR POUCH
RUMCHR/AMEMBASSY TEHRAN 5420
BT
C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 10251

MANILA FOR ALB

PARIS ALSO FOR OECD

E.O. 12065: NA
TAGS: EAGR EAID EFIN PK
SUBJECT: PAKISTAN PRESS REPORTS $200 MILLION SAUDI LOAN FIN

REF: KARACHI 4807

1. (U) PAKISTAN TIMES, SEPTEMBER 9, REPORTS THAT "PAKISTAN HAS NOW FINALIZED AGREEMENT WITH SAUDI ARABIA FOR A $200 MILLION INTEREST-FREE LOAN DISBURSABLE IN TWO INSTALLMENTS DURING THE CURRENT FISCAL YEAR". THE ARTICLE GOES ON TO SAY THAT THE FIRST $100 MILLION IS EXPECTED DURING THE LAST WEEK OF THE CURRENT MONTH WITH THE SECOND $100 MILLION TO BE DRAWN DOWN IN JUNE. THE ARTICLE REPORTS THE TERMS OF THE LOAN AS BEING INTEREST-FREE, REPAYABLE IN ELEVEN YEARS INCLUDING A FOUR YEAR GRACE PERIOD.

2. (IOU) COMMENT: THE ARTICLE, WRITTEN BY ASLAM SHEIKH, A USUALLY RELIABLE JOURNALIST ON ECONOMIC MATTERS, CONFIRMS RUMORS WE HAVE HEARD THAT EAD SECRETARY AFTAB FINALIZED THE LOAN DURING HIS LAST TRIP TO SAUDI ARABIA. BANKERS AND FINANCE MINISTRY OFFICIALS HAVE BEEN SAYING

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ECON
AGRICUL
POL
RECHARGE
CHRON

THEY EXPECTED THE FIRST $100 MILLION TO ARRIVE
ING SEPTEMBER. THE LOAN WILL BE A SIGNIFICANT HELP
PAKISTAN'S BALANCE OF PAYMENTS. END COMMENT.

3. (U) COPIES OF ARTICLES BEING POUCHED TO DEPARTMENT.
/PAB. HUMMEL

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* U.S. GOVERNMENT PRINTING OFFICE 1977-225-323

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R 19Ø65ØZ SEP 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4919
INFO RUQMGU/AMEMBASSY ANKARA 4187
RUMJPG/AMEMBASSY BEIJING 646
RUMJGM/AMEMBASSY COLOMBO 1858
RUMJDK/AMEMBASSY DACCA 3510
RUQMRA/AMETOASSY JIDDA 884
RUSBLK/AMEMBASSY KABUL 9695
RUSBKR/AMCONSUL KARACHI 8754
ZEN/AMCONSUL LAHORE POUCH
RUDTC/AMEMBASSY LON
ON 4254
RUEHMO/AMEMBASSY MOSCOW 1513
RUSBAE/AMEMBASSY NEW DELHI 1405
ZEN/AMCONSUL PESHAWAR POUCH
RUQMHR/AMEMBASSY TEHRAN 5439
RUHQHQA/CINCPAC HONOLULU HI
RUSNAAA/USCINCEUR VAIHINGEN GE
RUFRBAA/COMIDEASTFOR
RUEKJCS/SECDEF WASHDC
RUEKJCS/JCS WASHDC
BT
C O N F I D E N T I A L ISLAMABAD 1Ø655

MILITARY ADDRESSEES ALSO FOR POLADS

1. (C) ENTIRE TEXT.

2. RADM ROBERT W. CHEWNING, COMMANDER, MIDDLE EAST FORCES (MIDEASTFOR) PAID HIS INITIAL VISIT TO PAKISTAN 15-19 SEPT. DURING HIS STAY ADM CHEWNING SPENT THREE DAYS IN ISLAMABAD WHERE HE HELD MEETINGS WITH MILITARY AND CIVILIAN GOP OFFICIALS. THIS CABLE REPORTS SUBSTANCE OF THE ADMIRAL'S MEETINGS WITH FOREIGN ADVISOR AGHA SHAHI AND FONSEC SHAHNAWAZ. MEETING WITH PRESIDENT ZIA UL-HAQ REPORTED SEPTEL.

3. ADMIRAL CHEWNING CALLED ON MFA ON MORNING OF SEPTEMBER 17 WHERE HE WAS SCHEDULED TO MEET WITH FOREIGN SECRETARY SHAHNAWAZ. ON ARRIVAL AT MINISTRY, SHAHNAWAZ ADVISED ADMIRAL THAT FOREIGN ADVISOR AGHA SHAHI WOULD RECEIVE THEM AND THAT THE FOREIGN SECRETARY WOULD SIT IN. EMBOFF ACCOMPANIED AS NOTETAKER.

4. AGHA SHAHI OBVIOUSLY WANTED SPECIFICALLY TO TALK ABOUT SOVIET SHIP MOVEMENTS AND MTER ACTIVITY IN THE INDIAN OCEAN AREA. HE ASKED ADM CHEWNING WHETHER THE SOVIETS REGULARLY FOLLOW U.S. SHIPS AND WHETHER THERE IS MUCH COMMUNICATION BETWEEN THE TWO NAVIES. HE ALSO ASKED KNOWLEDGEABLE QUESTIONS ABOUT SOVIET ACTIVITIES AT INDIAN PORTS, SOQOTRA AND CAM RAHN BAY. AT THE LATTER, HE SAID, THE CHINESE ARE CONVINCED THE SOVIETS MAINTAIN A NAVAL BASE AND THAT THE FACILITIES HAVE STRATEGIC IMPORTANCE FOR SOVIET PRETENTIONS IN S.E. ASIA AND THE INDIAN OCEAN.

5. ADM CHEWNING DENIED THERE WAS ANY TRUTH TO A RUMOR AGHA SHAHI HAD HEARD IN ABU DHABI THAT PRINCE HASHID IS BUITDING A NAVAL BASE THERE WHICH WILL BE USED BY THE U.S. NAVI. HE ALSO GAVE SHAHI A BROAD BRUSH DESCRIPTION OF SOVIET NAVAL ACTIVITIES IN THE AREA, INCLUDING HIS VIEW THAT, ALTHOUGH SOVIET SHIPS CALL REGULARLY AT INDIAN PORTS, THERE IS NO EVIDENCE THEY HAVE FACILITIES. HE DESCRIBED MIDEASTFOR FACILITIES AND SHIPS FOR SHAHI AND COMPARED HIS ASSETS WITH THOSE OF THE SOVIET FORCES IN THE AREA.

6. IN RESPONSE TO THE FOREIGN ADVISOR, ADM CHEWNING DESCRIBED IN GENERAL TERMS THE CONFIGURATION OF THE USN WORLD-WIDE WITH DELINEATION OF EACH FLEET'S AREAS OF RESPONSIBILITY. ALSO AT SHAHI'S REQUEST HE DESRIBED THE DESTROYERS BEING SOLD BACK TO THE U.S. BY IRAN. SHAHI SEEMED FASCINATED BY ADMIRAL'S DESCRIPTION OF THE TECHNOLOGICAL MARVELS OF THE SPRUANCE CLASS DESTROYER AND RAISED IN A VERY LIGHT MANNER THE SUBJECT OF PAKISTAN'S GEARING CLASS DESTROYERS. WITHOUT MENTIONING ANY FUTURE DELIVERIES (OR LACK THEREOF) OF GEARINGS, ADM CHEWNING DESCRIBED THE TWO ALREADY DELIVERED AS GOOD SHIPS FOR WHAT THE PAKISTANIS NEED. SHAHI LET THE SUBJECT DROP THERE. HUMMEL
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PP RUQMHR
DE RUSBQD #Ø656/1 2621230 002064
ZNY CCCCC ZZH
P 191Ø15Z SEP 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 492Ø
INFO RUMJDK/AMEMBASSY DACCA 3511
RUSBLK/AMEMBASSY KABUL 9696
RUSBKR/AMCONSUL KARACHI 8755
RUMJHT/AMEMBASSY KATHMANDU 1846
RUSBQD/AMCONSUL LAHORE 6638
RUDTC/AMEMBASSY LONDON 4255
RUMJMA/AMEMBASSY MAINLA 1389
RUSBAE/AMEMBASSY NEW DELHI 14Ø6
ZEN/AMCONSUL PESHAWAR
RUFNPS/AMEMBASSY PARIS 3254
RUQMHR/AMEMBASSY TEHRAN 544Ø
BT
C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 3 ISLAMABAD 1Ø656

MINILA FOR ADB; PARIS ALSO FOR OECD

E.O. 12Ø65: NA
TAGS: EFIN, EAID, EAGR, PK
SUBJECT: (U) UPDATED BALANCE OF RAYMENTS PROJECTION - PFY197

REF: (A) ISLAMABAD 4132, (B) STATE 2Ø8884

SUMMARY: WE HAVE UPDATED AND REFINED THE PFY1979/8Ø BALANC
OF PAYMENTS PROJECTION WE DID IN MARCH (REFTEL A) AND COMP
IT WITH THE CURRENT MINISTRY OF FINANCE PROJECTION. IN THE
MIX OF CHANGES, THE NET RESULT IS A SOMEWHAT SMALLER, BUT
STILL SUBSTANTIAL, UNFINANCED GAP, AND THIS MAINLY BECAUSE
NOW EXPECT SOME NET SHORT-TERM BORROWING. WE DO NOT EXPECT
THE OIL PRICE INCREASE TO HAVE A CATASTROPHIC IMPACT ON THE
BALANCE OF PAYMENTS BECAUSE IT IS BEING PARTLY OFFSET
BY BELT TEIGHTENING -- AT THE EXPENSE OF THE DEVELOPMENT
PROGRAM. WE ESTIMATE EXPORTS TO BE $2 BILLION, COMPARED
TO $1.95 BILLION IN THE GOP FORECAST, ON THE STRENGTH OF
CONTINUED GOOD PERFORMANCE OF RICE AND COTTON EXPORTS.
IMPORTS, PARTLY BECAUSE OF HIGHER OIL AND OTHER PRICES,
ARE LIKELY TO BE ABOUT $4 BILLION. THE GOP ESTIMATES
ABOUT $4.2 BILLION, BUT WE THINK ITS METHODOLOGY OVER-
ESTIMATES PUBLIC SECTOR IMPORTS. THE INVISIBLES ACCOUNT
SHOULD BE IN SURPLUS BY ABOUT $1BILLION. THANKS TO ABOUT
PERHAPS $1.6 BILLION IN WORKER REMITTANCES. WE EXPECT A
CURRENT ACCOUNT DEFICIT OF ABOUT $1 BILLION COMPARED TO
A GOP ESTIMATE OF $1.2 BILLION, WE ESTIMATE NET LONG-
TERM CAPITAL INFLOWS AFTER SUBTRACTING REPAYMENTS, TO BE
AROUND $54Ø MILLION; THE GOP PROJECTS $577 MILLION

BASIC BALANCE PROJECTION IS FOR A DEFICIT OF $438
LION, SOMEWHAT LESS THAN THE GOP'S $635 MILLION BECAUSE
THE DIFFERENCE IN EXPECTED IMPORTS. BEYOND THIS, THERE
$285 MILLION OF SHORT-TERM DEBT INCURRED LAST YEAR
T MUST BE REPAID. THE GOP IS TRYING TO RAISE $46Ø
LION IN SHORT-TERM LOANS AND SUPPLIERS CREDITS FOR
NET SHORT-TERM INFLOW OF $175 MILLION, WE DOUBT THEY
L BE FULLY SUCCESSFUL, AND ARE CARRYING A FIGURE OF
ØØ MILLION, WHICH MAY BE TOO HIGH. WE HAVE ALSO EXCLUDED
M OUR FORECAST THE $9Ø MILLION FROM THE IMF TRUST FUND THE
ISTANIS EXPECT TO GET. ADDING THE BASICBALANCE. SHORT-TERM OPERATIONS
MF TRANSACTIONS AND
EADY ARRANGED DEBT RELIEF (FROM IRAN, UK, ETC), WE
IVE AT AN UNFINANCED GAP OF $219 MILLION COMPARED TO
GOP'S $294 MILLION. WE HAVE NOT INCLUDED THE $2ØØ
LION SAUDI ARABIAN ZAKAT LOAN BECAUSE OF UNCERTAINTY
R ITS TIMING AND EVEN ITS RECEIPT. IF PAKISTAN DOES
IVS $1ØØ MILLION IN SEPTEMBER AND ANOTHER $1ØØ MILLION
T JUNE, THIS WOULD SUBSTANTIALLY EASE THE FINANCING
BLEM FOR A WHILE. END SUMMARY.

WE HAVE UPDATED OUR PFY1979/8Ø BALANCE OF PAYMENTS
JECTION AND COMPARED IT TO THE CURRENT FINANCE MINISTRY
JECTION. THE UPDATE ANSWERS SEVERAL QUESTIONS WASHING-
HAS RECENTLY RAISED (REFTEL B). WE ESTIMATE EXPORTS
L INCREASE AT A FASTER RATE THAN IMPORTS BUT NOT FAST
UGH TO REDUCE THE TRADE DEFICIT. OUR EXPORT PROJECTION
NOW $2 BILLION, 17 PERCENT OVER THE PFY1978/79 PROVISIONAL
UAL FIGURE OF $1.7 BILLION, AND SLIGHTLY HIGHER THAN THE
ESTIMATE OF $1.95 BILLION. WE EXPECT CONTINUED GOOD
RMANCE FOR RICE AND AN EXPORTABLE SURPLUS OF RAW
TON SOMEWHAT HIGHER THAN IN OUR PREVIOUS ESTIMATE
AUSE OF EARLY INDICATIONS OF A VERY GOOD COTTON CROP.

OUR IMPORT ESTIMATE IS NOW $4 BILLION, A 1Ø PERCENT
REASE OVER THE PROVISIONAL ACTUAL FIGURE FOR PFY1978/79
$3675 MILLION, THE LARGEST INCREASES OVER OUR EARLIER PFY
9/8Ø FORECAST ARE THE RESULT OF THE RISE IN OIL PRICES AND A
HER FIGURE FOR PUBLIC SECTOR IMPORTS. OUR PROJECTED
DE DEFICIT FOR PFY1979/8Ø IS $2 BILLION, SLIGHTLY
HER THAN THE PREVIOUS YEAR BUT LOWER THAN THE GOP'S
JECTED $2.2 BILLION.

THE DIFFERENCE BETWEEN OUR FIGURES AND THE GOP'S LIES
NLY IN PUBLIC SECTOR IMPORTS. WE CONTINUE TO BELIEVE
T THE GOP METHODOLOGY OVERESTIMATES PUBLIC SECTOR
ORTS, PARTICULARLY THIS YEAR WHEN THE GOVERNMENT IS
TAINING THE BUDGET DEFICIT BY TRIMMING DEVELOPMENT
NDITURES AND SLOWING DOWN SOME EXISTING PROJECT.

WORKER REMITTANCES IN CASH DURING PGY1978/79 TOTALED
4 BILLION, ABOUT 2Ø PERCENT OVER PFY1977/78. THE
ND IS DECELERATING AND WE ESTIMATE A 7 PERCENT INCREASE
CASH REMITTANCES, PLUS ABOUT $1ØØ MILLION IN REMITTANCES
KIND FOR A TOTAL OF $1.6 BILLION. WE ESTIMATE OTHER
VISIBLES (FREIGHT AND INSURANCE, INTEREST PAYMENTS,

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VV ESA639MJC676
PP RUQMHR
DE RUSBQD #Ø636/2 263Ø9ØØ
ZNY CCCCC ZZH
P 191Ø15Z SEP 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 4921
INFO RUMJDK/AMEMBASSY DACCA 3512
RUSBLK/AMEMBASSY KABUL 9697
RUSBKR/AMCONSUL KARACHI 8756
RUMJHT/AMEMBASSY KATHMANDU 1847
RUSBQD/AMCONSUL LAHORE 6639
RUDTC/AMEMBASSY LONDON 4256
RUMJMA/AMEMBASSY MANILA 139Ø
RUSBAE/AMEMBASSY NEW DELHI 14Ø7
ZEN/AMCONSUL PESHAWAR
RUFNPS/AMEMBASSY PARIS 3255
RUQMHR/AMEMBASSY TEHRAN 5441
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 2 OF 3 ISLAMABAD 1Ø656

MANILA FOR ADB; PARIS ALSO FOR OECD

TRAVEL, GOVERNMENT N.I.E., ETC.), TO BE IN DEFICIT BY $58Ø MILLION AND ARRIVE AT A TOTAL NET INVISIBLES SURPLUS OF JUST OVER $1 BILLION. IN THIS RESPECT WE AGREE WITH THE GOP. DEDUCTING THIS SURPLUS FROM THE TRADE DEFICIT LEAVES A CURRENT ACCOUNT DEFICIT OF $98Ø MILLION COMPARED TO A $1.2 BILLION DEFICIT FORECAST BY THE GOP.

5. WE ESTIMATE LONG-TERM CAPITAL INFLOWS (AID AND PRIVATE CAPITAL INFLOWS) OF ABOUT $1 BILLION, ONLY A LITTLE LOWER THAN THE GOP'S $1.Ø5 BILLION. THE DIFFERENCE IS PARTLY THE COUNTERPART OF THE GOP'S OVERESTIMATION OF AID-FINANCED IMPORTS. AMORITIZATION OF LONG-TERM DEBT, INCLUDING IMF OIL FACILITY REPAYMANTS, IS $475 IN BOTH OUR AND THE GOP'S ESTIMATES. THE LONG-TERM CAPITAL ACCOUNT IS THUS IN SURPLUS BY $542 MILLION IN OUR PROJECTION AND $577(1
"Ø IN THE GOP'S. ADDING THE CURRENT AND CAPITAL ACCOUNT TOTALS WE ARRIVE AT A BASIC BALANCE DEFICIT OF $438 MILLI WHILE THE GOP'S BASIC-BALANCE FORECAST SHOWS A DEFICIT OF $285 MILLION OF SHORT-TERM DEBT INCURRED LAST YEAR. THE GOVERNMENT HOPES TO RAISE ABOUT $46Ø MILLION OF SHORT-TER MONEY THROUGH A COMBINATION OF SUPPLIERS AND CCC CREDITS, PLUS BANK LOANS ARRANGED BY PAKISTANI AND FOREIGN BANKS. WE DOUBT THAT ALL THIS FINANCING WILL MATERIALIZE AND ESTIMATE A ROUND NUMBER OF $4ØØ MILLION, WHICH MAY BE TOO HIGH IN VIEW OF INCREASING INTERNATIONAL BANKING COMMUNIT NERVOUSNESS ABOUT PAKISTAN.

7. THE GOP IS STILL CARRYING, AS AN INFLOW FROM THE IMF, THE $9Ø MILLION TRUST FUND LOAN ALONG WITH $34 MILLION WORTH OF SDR'S. WE ARE DOUBTFUL THAT THE PAKISTANIS WILL MEET THE FUND'S CONDITIONS FOR "REASONABLE EFFORTS" TO STABLIZE THEIR ECONOMY AND HAVE NOT INCLUDED THE TRUST FUND LOAN IN OUR CALCULATIONS. ADDING UP THE BASIC BALANCE, IMF TRANSACTIONS, SHORT-TERM OPERATIONS AND ALREADY ARRANGED DEBT RELIEF (FROM IRAN, UK, SWITZERLAND, ETC.), WE ARRIVE AT AN UNFINANCED GAP OF $219 MILLION COMPARED TO THE GOP'S $294 MILLION.

8. WE HAVE NOT INCLUDED THE $2ØØ MILLION SAUDI ARABIAN ZAKAT LOAN IN OUR CALCULATIONS BECAUSE OF UNCERTAINTY ON THE PART OF GOP OFFICIALS THAT IT WILL COME IN. IF IT DOES, THE FIRST $1ØØ MILLION, EXPECTED IN SEPTEMBER, WILL REDUCE THE FINANCING GAP IN OUR PROJECTION TO $119 MILLION AND THE SECOND TRANCHE, EXPECTED IN JUNE, WOULD FURTHER LOWER THE GAP TO $19 MILLION. HOWEVER, PAKISTAN MAY WELL HAVE RUN OUT OF FOREIGN EXCHANGE BEFORE THE SECOND TRANCHE, EVEN IF THE ZAKAT LOAN DOES MATERIALIZE.

9. OUR FORMAT IN THIS UPDATE CONFORMS MORE CLOSELY TO THAT USED BY THE IMF AND THE GOP. BETTER DATA HAVE PERMITTED US TO DISAGGREGATE LONG-TERM DEBT INTO PRINCIPAL AND INTEREST AND TO PUT ALL SHORT-TERM DEBT SERVICE AND FINANCING ITEMS BELOW THE BASIC BALANCE LINE.

1Ø. OUR UPDATED BALANCE OF PAYMENTS FORECAST, ALONG WITH OUR MARCH FORECAST FOR COMPARISON, IS PRESENTED BELOW IN THREE TABLES: A - BALANCE OF PAYMENTS; B - TRADE ACCOJNT; C - SHORT-TERM FINANCING. WE ALSO INCLUDE THE MOST CURRENT MINISTRY OF FINANCE FORECAST IN A SEPARATE COLUMN. A LINE-BY-LINE PRESENTATION OF SOME ASSUMPTIONS AND EXPLANATIONS WHERE WE THINK THEY WOULD BE HELPFUL FOLLOWS THE TABLES. BECAUSE OF THE REVISION IN FORMAT, NOT ALL OF FIGURES IN THE "MARCH EMBASSY" COLUMN WILL BE DIRECTLY COMPARABLE TO THOSE IN REF A.

11.

TABLE A

PFY1979/8Ø BALANCE OF PAYMENTS PROJECTIONS

(ALL FIGURES IN $U.S. MILLION)

	EMB MARCH	EMB SEPT	GOP
TRADE BALANCE (TABLE B)	-184Ø	-2ØØØ	-225
F PLUS I	-365	-4ØØ	-4Ø
PRIV T'FERS	14ØØ	16ØØ	16Ø
OTHER	12Ø	12Ø	12
INTEREST (INCL IMF CHGS)	-3ØØ	-3ØØ	-3Ø
INVISIBLES	855	1Ø2Ø	1Ø2
CURRENT ACCT BAL	-985	-98Ø	-123Ø
PRIV INFLOWS	52	52	
GOV'T INFLOWS	985	965	1Ø
(PROF)	(685)	(685)	(
(NON PROJ)	(3ØØ)	(28Ø)	(
L.T. DEBT (PRIN)	-4ØØ	-4ØØ	-4ØØ
IMF OIL FAC	- 59	- 75	- 7
LONG TERM CAP ACCT	587	542	577
BASIC BALANCE	-4Ø7	-438	-6
FINANCED BY:			
IMF TRUST FUND	5Ø		9Ø
SDR ALLOCATION		34	34
DEBT RESCHED	63	63	63
NET SHT TERM (TABLE C)	Ø	122	172
UNFINANCED GAP	-294	-219	-294

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PP RUQMHR
DE RUSBQD #Ø656/3 2631ØØ
ZNY CCCCC ZZH
P 191Ø15Z SEP 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 4922
INFO RUMJDK/AMEMBASSY DACCA 3513
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RUSBKR/AMCONSUL KARACHI 8757
RUMJHT/AMEMBASSY KATHMANDU 1848
RUSBQD/AMCONSUL LAHORE 664Ø
RUDTC/AMEMBASSY LONDON 4257
RUMJMA/AMEMBASSY MANILA 1391
RUSBAE/AMEMBASSY NEW DELHI 1408
ZEN/AMCONSUL PESHAWAR
RUFNPS/AMEMBASSY PARIS 3256
RUQMHR/AMEMBASSY TEHRAN 5442
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C O N F I D E N T I A L

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LIMITED OFFICIAL USE SECTION 3 OF 3 ISLAMABAD 1Ø656

MANILA FOR ADB; PARIS ALSO FOR OECD

12. TABLE B

PFY 1979/8Ø BALANCE OF PAYMENTS PROJECTION - TRADE ACCOUNT

(ALL FIGURES IN $U.S. MILLION)

	EMB MARCH	EMB SEPT	GOP
WHEAT	16Ø	13Ø	132
EDIBLE OIL	22Ø	23Ø	247
FERTILIZER	17Ø	215	219
POL	7ØØ	855	854
PRIV SECTOR	14ØØ	14ØØ	1278
PUB SECTOR	1ØØØ	117Ø	147Ø
TOTAL IMPORTS	365Ø	4ØØØ	42ØØ
RAW COTTON	11Ø	155	11Ø
YARN	25Ø	24Ø	23Ø
CLOTH	22Ø	22Ø	22Ø
RICE	28Ø	4ØØ	4ØØ
OTHER	95Ø	985	99Ø
TOTAL EXPORTS	181Ø	2ØØØ	195Ø
TRADE BALANCE	-184Ø	-2ØØØ	-225Ø

13. TABLE C

1979/8Ø BALANCE OF PAYMENTS PROJECTION - NET SHORT TERM FINANCING

(ALL FIGURES IN $U.S. MILLION)

	GOP	EMB
NET SHORT TERM	172	122
OUTSTANDING DEBT (PAYMENTS)	286	286
CITIBANK WHEAT LOAN		55
CCC	136	136
FERT. CREDITS	8Ø	8Ø
ISLAMIC DEV. BANK	15	15
EXPECTED FINANCING	485	4Ø8
CITIBANK	1ØØ	75
BCCI	1ØØ	75
FERT. CREDITS	1ØØ	1ØØ
CCC	53	53
ISLAMAIC DEV. BANK	4Ø	4Ø
PAKISTANI BANKS	65	65

14. IMPORT ASSUMPTIONS AND COMMENTS

WHEAT - BECAUSE OF THE RECORD WHEAT CROP THE GOP WILL IMPORT .75 MILLION MT OF WHEAT AT $174 PER TON COMPARED TO OUR EARLIER ASSUMPTION OF 1 MILLION MT AT $16Ø PER TON.
EDIBLE OIL: WE NOW ACCEPT THE GOP FIGURES IN THE EDIBLE OIL AIDE MEMOIRE AND THE PRICE REMAINS AT AN AVERAGE OF $6ØØ PER TON.
FERTILIZER: GOP IMPORTS OF FERTILIZER WILL COME CLOSE TO THE USAID ESTIMATES AND PRICES WILL RISE A LITTLE OVER CURRENT RATES, I.E., 5ØØØ,ØØØ TONS OF DAP AT $23Ø PER TON; 2ØØ,ØØØ TONS OF NITROPHOSPHATE AT $215 PER TON; AND 19Ø,ØØØ TONS OF UREA AT $17Ø PER TON. THESE ARE HIGHER AND MORE DETAILED PRICE ESTIMATES THAN THOSE USED IN MARCH (1 MILLION TONS AT $17Ø PER TON).
POL: WE HAVE ACCEPTED GOP ESTIMATES.
PRIVATE SECTOR IMPORTS: GENERAL BELT TIGHTENING, ARISING FROM SCARCITY OF FOREIGN EXCHANGE, WILL OFFSET AN ESTIMATED $1ØØ MILLION OF PREVIOUSLY UNRECORDED REMITTANCES IN KIND FOR THE DAME TOTAL WE HAD IN MARCH.
PUBLIC SECTOR IMPORTS: ALTHOUGH WE HAVE RAISED OUR EARLIER ESTIMATE FROM WHAT WE NOW THINK WAS TOO LOW, LAGGING AND REDUCED DEVELOPMENT PROJECTS WILL KEEP THESE IMPORTS WELL BELOW THE GOP ESTIMATES.

15. EXPORT ASSUMPTIONS AND COMMENTS::
RAW COTTON: THE EARLY REPORTS OF A GOOD COTTON CROP SUGGEST AN EXPORT SURPLUS OF 8ØØ,ØØØ BALES, RATHER THAN OUR EARLIER ESTIMATE OF 6ØØ,ØØØ BALES, AT A PRICE OF AROUND $.55 PER POUND. WE MAY REVISE THIS FIGURE UPWARD IF LATER CROP ESTIMATES SHOW A SURPLUS SUBSTANTIALLY HIGHER THAN OUR 8ØØ,ØØØ FIGURE.
COTTON YARN: WE FIND THAT WE OVERESTIMATED LAST YEAR'S EARNINGS AND HAVE SCALED DOWN OUR FIGURES ACCORDINGLY.
RICE: RICE PRICES WILL CONTINUE THE STRENGTHENING BEGUN IN THE LAST QUARTER OF PFY1978/79 WHICH BROUGHT RICE EXPORTS TO $34Ø MILLION FOR THE YEAR.
OTHERS: INFLATION WILL SOMEWHAT INCREASE EARNINGS OVER OUR LAST ESTIMATE.

16. INVISIBLES ASSUMPTIONS AND COMMENTS::
FREIGHT AND INSURANCE : REMAIN ABOUT THE SAME AS IN OUR LAST ESTIMATE,I.E., 1Ø PERCENT OF TOTAL (FOB) IMPORTS.
PRIVATE TRANSFERS: REMITTANCE INCREASES WILL CONTINUE TO DECELERATE AND PREVIOUSLY UNRECORDED REMITTANCES IN KIND WILL BE ABOUT $1ØØ MILLION.
INTEREST: GOP NUMBERS HAVE NOT CHANGED FROM OUR MARCH ESTIMATE.
OTHER INVISIBLES: WE HAVE EXTRAPOLATED FROM A FIVE-YEAR TREND LINE. WE FOUND THAT THROUGH MISAGGREGATION WE HAD BEEN CARRYING OTHER INVISIBLES AT ZERO WHEN IN FACT IT IS A POSITIVE AND GROWING BALANCE AND NOW APPROXIMATES $1ØØ MILLION

17. CAPITAL ACCOUNT ASSUMPTIONS AND COMMENTS::
GOVERNMENT INFLOWS: RECENT GOP DATA ON NON-PROJECT AID IS MORE ACCURATE THAN IT WAS IN MARCH, BUT PROJECT AID UTILIZATION WILL BE LOWER THAN THE GOP EXPECTS.
IMF OIL FACILITY: THE MARCH FIGURE WAS NOT CONVERTED FROM SDR'S INTO DOLLARS.
SDR'S: THE GOP WILL RECEIVE ITS ESTIMATED NEW ALLOCATION.
DEBT RELIEF: WE HAVE INCLUDED ONLY ALREADY ARRANGED DEBT RELIEF.
HUMMEL
BT
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TO RUEHC/SECSTATE WASHDC 4933
INFO RUMJPG/AMEMBASSY BEIJING 647
RUDKRB/AMEMBASSY BELGRADE 124
RUEHEG/AMEMBASSY CAIRO 449
RUMJGM/AMEMBASSY COLOMBO 1859
RUEHUB/USINT HAVANA 022
RUSBLK/AMEMBASSY KABUL 9702
RUSBAE/AMEMBASSY NEW DELHI 1417
RUQMHR/AMEMBASSY TEHRAN 5444
RUEHDT/USUN NEW YORK 1841
BT
C O N F I D E N T I A L ISLAMABAD 10704

E.O. 12065/ GDS 9/20/85 (HUMMEL, A.W) OR-M
TAGS: PORG PK
SUBJECT: (LOU) NAM SUM I-TWO PAKISTANI VIEWS

REF: STATE 244178

1. (C-ENTIRE TEXT)

2. PAK PRESIDENT ZIA, DURING ESSENTIALLY COURTESY CALL BY COMIDEASTFOR ADM CHEWNING, ACCOMPANIED BY A B, HELD FORTH ON NAM SUMMIT. ZIA SAID HE HAD BEEN MIGHTLY IMPRESSED BY EXPERTNESS OF CUBAN LOGISTIC ARRANGEMENTS, ESPECIALLY ACCOMMODATIONS, AND MOVEMENT OF PEOPLE AND VEHICLES. HOWEVER, HE WAS DISMAYED AT THE REFLEXIVE RHETORIC USED BY EVERYONE, PARTICULARLY THE CONSTANT REFERENCES TO IMPERIALISM, COLONIALISM, SOCIALISM, ETC. ZIA THOUGHT THAT NON-ALIGNMENT WAS NOT A PROPER DESCRIPTION OF THE MOVEMENT, WHICH HAD DRIFTED VERY FAR FROM ITS ORIGINAL OBJECTIVES. ZIA SAID THAT PROBABLY EVERY ONE OF THE COUNTRIES THERE REPRESENTED HAD IN THE PAST IN ONE WAY OR ANOTHER BENEFITTED FROM U.S. ASSISTANCE, BUT FOLLOWING THE FASHION OF THE DAY NONE OF THEM HAD SEEN FIT TO MENTION THE U.S. IN ANY FAORABLE WAY. HE CONCLUDED IN A MILDLY CHIDING TONE THAT THE US. IS THE TORCHBEARER OF THE FREE WORLD, AND THEREFORE THE U.S. SHOULD EXAMINE ITS PRESENT POLICIES AND ACTIONS TO SEE HOW IT CAN PLAY A MORE VIGOROUS ROLE IN THE WORLD, IN SUPPORT OF ITS FRIENDS.

3. MR. IQBAL BUTT, DIR-GEN, MIN INFO, WHO HAD ACCOMPANIED THE ZIA ENTOURAGE TO CUBA, MADE MUCH THE SAME

POINTS IN A PRIVATE DISCUSSION WITH THE AMB. BUTT THOUGHT THAT THE CONFERENCE HAD COST THE SOVS IN NEIGHBORHOOD OF $100 MILLION AND THAT IT HAD BEEN A GOOD INVESTMENT; THE NAM HAD BEEN SUCCESSFULLY TILTED TOWARD THEIR SIDE. HOWEVER BUTT WAS INCLINED TO TAKE SOME CREDIT FOR THE ROLE THAT PAKISTAN, AND OTHER MODERATES, HAD PLAYED IN COUNTERING COMMUNIST-BLOC EXTREMISM, BUT HE DID NOT DISPUTE THE AMB'S VIEW THAT THE CUBANS/SOVS HAD ACHIEVED ABOUT WHAT THEY EXPECTED TO ACHIEVE, BECAUSE THEY HAD STARTED WITH EXTREME POSITIONS THAT THEY DID NOT REALLY EXPECT WOULD PREVAIL. WHAT HAD BEEN ACCOMPLISHED, THE AMB THOUGHT, WAS TO FORCE OVERALL NAM POSITIONS BACK FROM THE PRO-SOVIET BRINK, BUT NOT SO FAR THAT THE CUBANS WERE DISAPPOINTED, AND NOT SO FAR THAT POSITIONS BECAME TRULY NON-ALIGNED.

4. COMMENT: BOTH ZIA AND BUTT ARE OF COURSE TELLING US WHAT THEY THINK WE WANT TO HEAR. AT THE SAME TIME BOTH ARE GENUINELY FRIENDLY TO US, AND WE THINK ZIA IN PARTICULAR WAS DISMAYED BY HIS FIRST EXPOSURE TO THE STYLE AND SUBSTANCE OF THE ORGANIZATION ON WHICH THEY HAD PINNED SO MANY HOPES, AND SO MUCH EFFORT TO GAIN ADMISSION. FOREIGN ADVISER AGHA SHAHI HAS LONG BEEN A STRONG ADVOCATE OF MOVEMENT AWAY FROM RELIANCE ON THE U.S. AND TOWARD MULTILATERAL ORGANIZATIONS. WE CAN HOPE THAT PRES. ZIA AND HIS TOP STAFF, BY THEIR DIRECT EXPERIENCE OF THE HARD FACTS OF NAM DISAGREEMENTS AND DISARRARY, WILL SHOW MORE REALISM THAN WE THINK AGHA SHAHI HAS SHOWN IN GOP POLICY-MAKING CIRCLES. HUMMEL
BT
#0704

CONSULATE GENERAL OF THE
UNITED STATES OF AMERICA

Karachi, Pakistan

MEMORANDUM OF CONVERSATION

DATE: September 29, 1[illegible]

SUBJECT: The Invertebrate; Baluchis Relax After Ta[illegible] Fall, Change in Iran; A Marri Deal with the MLA?; Begum Bhutto in Burka; Contesting for Local Bodies Winners' Loyalties; Zia's Preferences; Bureaucrats - Zia's Achilles Heel

PARTICIPANTS: Faiseh Iqbal, Editor, Baluchistan Times

John S. Brims, POL/ECON Officer, Karachi

PLACE: Iqbal's Office, Quetta

COPIES TO: ISLAMABAD(2), LAHORE, PESHAWAR, KABUL, TEHRA[illegible] STATE - NEA/PAB, INR/RNA/SOA, INR/OIL/B

The Invertebrate

Faiseh Iqbal makes a point of knowing everyone. And he conveys, in a friendly but conspiratorial manner, the com[illegible]e identity of his views with those of his current confidant, no matter who that may be, against the combined views of all those others that he knows. When one sees him together with people of differing opinions, he bends to them with a speed and flexibility that suggests a lack of spine. He is, in short, egregious, in both senses; gregarious, and conspicuou[illegible] bad or flagrant. But likable. And a good source of informa[illegible] tion, although some of it is far-fetched.

Baluchis Relax After Taraki Fall, Change in Iran

Faiseh said that the atmosphere in Quetta had relaxed since the fall of Afghanistan's Nur Mohammed Taraki, because the coup had undermined the base of the Khalqi revolution. As evidence, Faiseh cited a lieutenant colonel in the Afghan Army as his source for a report that the Taraki overthrow had split that Army.

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Faiseh confirmed what others had told me about the change of attitude on the part of leftist Baluchis since the events of Sept. 14 in Kabul. Pakistan National Party President Ghaus Bux Bizenjo, for example, is said to be no longer a blatant apologist for the Democratic Republic of Afghanistan. It is as though Bizenjo's wave of the future had been seen suddenly to have spent itself out at sea. Faiseh said the Baluchis were happy to see Afghanistan weak. For their part, Pathan supporters of the DRA were reportedly furious with Amin, who had committed the unpardonable sin of disrespect for a great leader.

Events in Iranian Baluchistan had also gone well. Baluchis in Iran were said to have struck a deal with Ayattollah Khomeini, through the Baluchi Democratic Front, acknowledging a degree of autonomy in the Baluch province of Iran. Faiseh said there had not been a single incident in Iranian Baluchistan in six months. All Savak agents had been withdrawn. Baluchis had been given key jobs. All this has made the Baluch border of Iran and Pakistan quiet and further calmed Pakistan's Baluch leadership.

The failure of the Soviets to inspire unrest in Iranian Baluchistan, in fact the crackdown there on Soviet-oriented Baluchis, has led to these fellow travelers crossing into Pakistan. One who has come across is the poet Juma Khan, the man behind the Azad Baluchistan movement.

Meanwhile, the refugee exodus from Afghanistan continues. Since Sept. 15 over 25,000 have come into Baluchistan alone, in jeeps, in wagons pulled by tractors, on foot. Many are fleeing out of fear of Amin, others because of the approach of winter.

A Marri Deal with the MLA?

Faiseh said that President Zia-ul-Haq had lost credibility as a result of his frequent amendment of the electoral rules and his open cynicism about politics.

Faiseh had met Zia alone on Sept. 26 for after-dinner coffee. Zia had asked Faiseh for a reassessment of Baluchistan, with particular emphasis on the attitudes of Bizenjo and Khair Bux Marri. Faiseh told me he thought Zia has won over Marri. He claimed that Zia's close friend, Baluchistan Governor Rahim Uddin, plays squash with Marri and once shared with him, before independence, opposition toward partition. Faiseh

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pointed out that Marri had left for London a week ago after he received permission from the Martial Law Administration to leave Pakistan, and that his henchman Sher Mohammed Marri ("General Sheroff," the so-called Che Guevara of Baluchistan) himself was awaiting permission to leave the country. Their absence would coincide with the elections. The implication was that the two Marris had made a deal with the MLA. Faiseh said that, at any rate, the Marri tribe was noticeably quiet right now. Further support for this theory, according to Faiseh, was the apparent falling-out between Khair Bux Marri, on the one hand, and Bizenjo and fellow PNP-member Attaullah Mengal, on the other. Faiseh thought Marri had never had much truck for Bizenjo, however, because he considered Bizenjo a commoner.

Begum Bhutto in Burka

Did I know, asked Faiseh, that Begum Bhutto had come incognito to Quetta during the late August meeting there of the Pakistan People's Party Central Executive? She arrived by plane, disguising herself by wearing burka. The same evening she met Khair Bux Marri in an unsuccessful attempt to try to persuade him to stir up trouble in Baluchistan. (Former Governor Akbar Khan Bugti, on whom I tried out this item as unsourced gossip, asserted that it was ridiculous. He said it was PPP General Secretary Farooq Laghari who had called on Marri. Bugti also shot down the story that Marri had gone to London a week before saying he had had dinner with him October 1 on the eve of Marri's departure.)

Contesting for Local Bodies Winners' Loyalties

Turning to the local bodies elections, Faiseh said that they had been rigged, but not by the Army. He implied that the bureaucrats and persons running the polls had connived with political parties and individual candidates to warp the result.

Faiseh thought that the PPP had won only 10 to 15 percent of the seats in Baluchistan, compared to 60 to 70 percent in Sind and 45 percent in Punjab. Despite the PPP's success in most places, the party would not be able to rely on the persons who had won seats with its support. All of those backed by the PPP were youngsters. They may have obtained power through the Bhuttos but they will hold onto it through Zia.

Zia hopes, by giving them powers, to wean them away. Zia's scheme would work best, however, if there were no general elections, because provincial and national assemblies would detract from the local bodies' powers.

Zia's Preferences

Based on their conversation, Faiseh said that Zia favors the Tehrik-e-Istiqlal, the Pakistan Muslim League and the Jamaat-e-Islami. Zia specifically told Faiseh of the high regard he was for Asghar Khan. In addition, Zia spoke favorably of Pir Pagaro and Qayum Khan.

Zia struck Faiseh as thoroughly confident. The President boasted that he had many options. One of them, if the parties appeared too weak to govern, would be not to hold elections.

Bureaucrats - Zia's Achilles Heel?

Faiseh thought that the bureaucracy might desert Zia. He had noted earlier the help given by bureaucrats to the PPP in the local bodies elections. He explained that Zia is taking risks with the bureaucrats' allegiance, arousing their ire by appointing many military to positions in the civil service. Faiseh said, for example, that 32 Army brigadiers are serving as commissioners in Pakistan. Six of the 11 in Baluchistan are brigadiers.

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RUEHKR/AMCONSUL KARACHI 8871
RUEHLO/AMCONSUL LAHORE 6706
RUEHNE/AMEMBASSY NEW DELHI 1493
ZEN/AMCONSUL PESHAWAR
RUQMHR/AMEMBASSY TEHRAN 5457
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 11449

E.O. 12065: NA
TAGS: PINT, PGOV, SHUM, PK
SUBJECT: (U) ELECTIONS '79: PNA-MLA DEAL ON ELECTIONS; PNA TO PARTICIPATE, DATE TO SLIP

REF: (A) ISLAMABAD 11321, (B) ISLAMABAD 11193, (C) ISLAMABAD 5744 (D) ISLAMABAD 11371, (E) ISLAMABAD 11376, (F) ISLAMABAD 11024 (G) ISLAMABAD 11036, (H) ISLAMABAD 10309, (I) ISLAMABAD A-73

2 SUMMARY: MUFTI MAHMUD, CHIEFIGF THE PAKISTAN NATIONAL ALLIANCE (PNA), TOLD EMBOFFS OCTOBER 7 THAT HE HAS "STRUCK A DEAL" WITH PRESIDENT ZIA UL-HAQ WHICH WILL PERMIT THE PNA TO PARTICIPATE IN GENERAL ELECTIONS. GOVERNMENT FREE UZELEASE ON OCTOBER 7, PROMULGATING NEW SCHEDULE FOR PRE-ELECTION ARRANGEMENTS, CONFIRMS DETAILS OF THE "DEAL". MUFTI SAID THE AGREEMENT ALLOWS THE PNA TO BY-PASS THE "UNDEMOCRATIC" REGISTRATION PROCEPNURE IMPOSED EARLO

BY ZIA.
PARTIES WHICH HAVE METGLHE FINANCIAL DISCLOSURE REQUIREMENTS NEED ONLY ANSWELUA SIMPLE QUESTIONAIRE IN ORDER TO BE PERMITTED ON THE BALLOT. MUFTICVCI
XPRMED THAT THE NEW ARRANGEMENTS WILL COMPEL A SLOGHT DELAY FROM THE NOV. 17 DATE PREVIOUSLY ANNOUNCED FOR ELCTIONS, AND WHILE THEY COULD BE HELD IN LATE DECEMBER, HE PREFERS A MARCH 1980 DATE. THE "DEAL" PROVIDES NO RELIEF TO THE EFFECTIVELY-DISENFRWNCHISED PAKISTAN PEOPLES PARTY (PPP), NATIONAL DEMOCRATIC PARTY (NDP), AND PAKISTAN NATIONAL PARTY (PNP). END SUMMARY.

EMBOFFS MET OCT. 7 WITH PNA CHIEF MOLANA MUFTI MAHMUD, A FEW HOURS AFTER THE MEDIA BEGAN CARRYING AUTHORITATIVE REPORTS THAT A DEAL HAD BEEN STRUCK BETWEEN THE PNA AND THE MARTIAL LAW ADMINISTRATION (MLA) -- A DEAL UNDER WHICH WOULD ALLOW THE UNREGISTERED PNA TO PARTICIPATE IN THE PROMISED NOVEMBER ELECTIONS.

3. ACCORDING TO MUFTI, THE PNA HAS AGREED TO RESPOND TO A QUESTIONNAIRE FORMULATED BY THE ELECTION COMMISSIONJM THE QUESTIONNAIRE PROCEDURE -- AS A SUBSTITUTE FOR "REGISTRATION"--WAS THE BASIS OF MUFTI'S BARGAIN WITH PRES. ZIA, WHO WAS SEARCHING FOR METHODS OF BROADENING PARTICIPATION IN THE ELECTIONS WHILE CONTINUING TO DENY THE PAKISTAN PEOPLES PARTY (PPP) A PLACE ON THE BALLOTS. THE QUESTIONNAIRE WILL BE SENT TO ALL PARTIES WHO HAVE SUBMITTED AND RECEIVED GOP APPROVAL OF THEIR FINANCIAL STATEMENTS (REF. H)

4. MUFTI DEFINED THE SUBTLE DIFFERENCE BETWEEN THE NEWLY AGREED PROCEDURE AND PREVIOUS REGISTRATION AS FOLLOWING THE DIFFERENCE BETWEEN PETITIONING THE GOVERNMENT FOR A "LICENSE TO PARTICIPATE" AND MERELY SUBMITTING BASIC DATA ON THE PARTY. THE "LICENSE" PROCEDURE, HE SAID, WAS UNDEMOCRATIC IN THAT IT COULD BE WITHDRAWN BY THE GOP AT ANY TIME. THE QUESTIONNAIRE, ON THE OTHER HAND, ASSUMES THE RIGHT OF PARTICIPATION BY ANY PARTY HAVING MET MINIMAL REQUIREMENTS. MUFTI SAID ZIA HAD GIVEN HIM QUESTIONNAIRES FROM ALL PARTIES WHICH MET THE FINANCIAL STATEMENT REQUIREMENTS WOULD BE APPROVED. HE WAS UNABLE TO SAY, HOWEVER, WHETHER THIS WOULD AFFECT ANY PARTIES EXCEPT THE PNA. ONLY 16 OF THE 56 PARTIES WHICH SOUGHT REGISTRATION WERE, IN FACT, APPROVED.

5. MUFTI MAHMUD ALSO SAID HE RECEIVED A PROMISE FROM ZIA THAT THE CAMPAIGN PERIOD WOULD BE LENGTHENED TO 60 DAYS (FROM THE PREVIOUSLY PROMISED 30). THIS, EMBOFFS POINTED OUT, WOULD MAKE IT IMPOSSIBLE TO STICK TO THE NOVEMBER 17 ELECTION DATE. MUFTI SAID THAT WHILE ZIA COULD THEORETICALLY STILL MEET THE NOV. 17 DATE, THE QUESTIONNAIRE PROCESS ALLOWS PARTIES A FEW ADDITIONAL DAYS TO GET THEIR PAPER WORK SUBMITTED, AND SOME DELAY IS LIKELY. EMBOFFS NOTED NEWSPAPER SUGGESTIONS OF LATE DECEMBER AS A POSSIBLE TIME FOR ECETIONS, AND MUFTI AGREED THE PROCESS AND THE SIXTY-DAY CAMPAIGN WOULD BE COMPLETED BY THEHBND OF THE MOURNING PERIOD OF MUHARRUM (THIRD WEEK DEC.); HE IMMDDIATELY ADDED THAT FOR MANY PARTS OF PAKISTAN DECEMBER ELECTIONS ARE NO GOOD" DUE TO COLD WEATHER. HE THEN SAID WITH CONSIDERABLE FEELING THAT MARCH, 1980, LOOKED TO HIM LIKE THE BEST TIME-FRAME FOR THE ELECTIONS. AN AUTHORITATIVE ANNOUNCEMENT ON SCHEDULING, MUFTI SAID, WOULD BE FORTHCOMING FROM PRES. ZIA ON OCT. 8 OR 9.

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RUGMRA/AMEMBASSY JIDDA 894
RUSBLK/AMEMBASSY KABUL 9749
RUSBKR/AMCONSUL KARACHI 8872
RUSBQD/AMCONSUL LAHORE 6707
RUSBAE/AMEMBASSY NEW DELHI 1494
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LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD 11449

6. EMBOFFS ASKED WHETHER MUFTI'S PROPOSAL THAT INDEPENDENT CANDIDATES BE REQUIRED TO GARNER A MAJORITY OF VOTES CAST TO BE ELECTED WAS STILL IN THE ELECTION RULES. HE CONFIRMED THAT ZIA WILL STICK BY HIS PREVIOUS AGREEMENT TO THAT PROVISION. HE ADDED THAT IT WILL ALSO REMAIN ILLEGAL FOR PPP MEMBERS (OR ANY OTHER NON-REGISTERED PARTY) TO RUN AS INDEPENDENTS IF THEY BELONGED TO THE PARTY TWO MONTHS PRIOR TO THE PASSAGE OF THE AMENDMENT (REF. I). HE DID CONCEDE, HOWEVER, THAT IF NON-REGISTERED PARTY MEMBERS WISHED TO JOIN OTHER PARTIES (EVEN AFTER THE AMENDEMENT), AND TO RUN ON THAT PARTY'S TICKET, THEY WOULD BE PERMITTED TO PARTICIPATE. SPECIFICALLY, HE CONCEDED THAT IF, FOR INSTANCE, PPP CANDIDATES WISHED TO JOIN THE PROGRESSIVE PEOPLES PARTY (KAUSER NIAZI), THEY COULD DO SO AND CONTEST FOR SEATS.

7. EMBOFFS ASKED WHETHER MUFTI'S "DEAL" WITH ZIA WOULD PROVIDE ANY RELIEF FOR THE "DISENFRANCHISED" PPP, NATIONAL DEMOCRATIC PARTY (NDP), AND PAKISTAN NATIONAL PARTY (PNP). HE SAID, "LET THEM PETITION ZIA ON THEIR OWN-- I HAVE NO REASON TO FIGHT THEIR BATTLES FOR THEM". HE ALSO CONFIRMED THAT THE JAMAAT-I-ISLANI (JI) IS PERMANENTLY EXCLUDED FROM THE PNA AND THAT NO PATCH-UP OF THAT QUARREL IS FORESEEN.

8. MORNING NEWSPAPERS OCTOBER 8, QUOTING MLA PRESS RELEASE, CARRY MUCH OF THE SUBSTANCE OF THE MUFTI-ZIA ACCORD AS GIVEN TO US PREVIOUS DAY. TEXT OF QUESTIONNAIRE IS PUBLISHED AND CONSISTS OF SIMPLE QUESTIONS ON NAME, DATE OF FORMATION, AND LISTING OF OFFICERS OF PARTY, ETC. MLA PRESS RELEASE OF 7TH ALSO SAYS POLLS WILL BE PROBABLY DELAYED BUT WILL BE HELD "WITHIN 1979".

9. COMMENT: IT APPEARS ZIA HAS ACHIEVED HIS GOAL OF INCLUDING PNA IN THE ELECTION PROCESS. THE OBVIOUS COST FOR DOING SO IS A DELAY IN HIS LONG-PROMISED ELECTION DATE-- A DELAY WE EXPECT TO BE MET WITH SOME GRUMBLING BUT NO VIOLENT OPPOSITION. NDP AND PPP LEADERS HAVE CRITICIZED THE DEAL, WHICH THEY CONTEND CORRECTLY BENEFITS O[illegible] THE PNA. THE REVISED SCHEDULE PRESENTS THE "OUT" PARTIES ADDITIONAL TIME TO PLAN STRATEGIES FOR EITHER PARTICIPATING (E.G., AS INDEPENDENTS) OR FOR DISRUPTING THE PROCESS. ZIA AND THE MLA HAVE LOST SOME ADDITIONAL CREDIBILITY IN THE PROCESS, BUT APPEAR AS OF NOW TO HAVE DETERMINED-- IF AT ALL POSSIBLE-- TO AVOID A LENGTHY D[illegible] GETTING THE ELECTIONS UNDERWAY. END COMMENT.
KING

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C O N F I D E N T I A L ISLAMABAD 11467

E.O. PLS ALSO PASS NEA FOR AMB HUMMEL; PACOM ALSO FOR POLAD

REF: 12065: RDS-1 10/[illegible]/85 (HAGERTY, M.G.) OR-P
TAGS: PEPR MPOL MNUC OCON PK
SUBJECT: (U) PAKISTANI-US CONSULTATIONS IN WASHINGTON

(C) ENTIRE TEXT. THIS IS AN ACTION MESSAGE.

MFA DIRECTOR GENERAL (AMERICAS) BASHIR KHAN BABAR, HAS TOLD THAT THE PAKISTAN DELEGATION TO THE 15-16 OCTOBER TALKS IN INGTON WILL BE HEADED BY FOREIGN ADVISOR AGHA SHAHI AND WILL DE LGEN MOHAMMAD JILANI, SECRETARY-GENERAL OF THE MINISTRY EFENSE, MR. S. SHAHNAWAZ, FOREIGN SECRETARY, MR. TARIK AFA, SECRETARY IN THE MINISTRY OF DEFENSE (DEFENSE PRODUC-), AND 2-3 OTHERS FROM THE MFA, BASHIR, WHO IS AWAITING MENT AS AMBASSADOR TO CANADA, WILL NOT ATTEND, BUT NAJMUDDIN IKH, WHO IS NOW DIRGEN FOR SOUTH ASIA AND WHO IS SLATED HAYAT MEHDI'S REPLACMENT AS MINISTER IN WASHINGTON, WILL PART OF THE DELEGATION.

BASHIR ASKED POLCOUNS 9 OCTOBER IF DEPARTMENT PLANS S RELEASE REGARDING TALKS; HE ALSO ASKED IF PLANS TALKS ARE PUBLIC KNOWLEDGE IN US. HE INDICATED I MFA HAD PREPARED CONTINGENCY PRESS RELEASE BUT THAT I HAS NOT RECEIVED FIGAL APPROVAL AND DECISION HAD TO BE MADE WHETHER OR NOT ISSUE ONE IN ANY EVENT. NOTED EARLIER REFERENCES TO DESIRE TO KEEP TALKS "LOW-Y." POLCOUNS RECALLED THAT AGHA SHAHI HAD ALREADY PUBLICLY HE WOULD BE MEETING WITH VANCE BUT THAT ST OF OUR KNOWLEDGE, THERE HAD BEEN NEITHER PRESS ASE NOR PRESS QUESTION ON THIS TOPIC. POLCOUNS BASHIR FOR TEXT OF MFA RELEASE ONCE IT IS APPROVED.

4. COMMENT: WE HAD KNOWN, OF COURSE, FOR SOME TIME, [redacted] PAKISTAN'S INTENTION TO HAVE JILANI ON THE DELEGATION; [redacted] JILANI IS TO MOD AS AGHA SHAHI IS TO THE MFA, I.E., [redacted] DE FACTO MINISTER. SHAHNAWAZ'S INVOLVEMENT HAS BEEN [redacted] AGAIN, ON-AGAIN, AS HIS OWN FUTURE IS CONFUSED BY REF[redacted] OF AN IMMINENT AMBASSADORIAL ASSIGNMENT; ALL SIGNS POI[redacted] TO PARIS, AS A REPLACEMENT FOR AMBASSADOR ARMUND, BUT [redacted] FRENCH AMBASSADOR ASSURED AMBASSADOR HUMMEL LAST WEEK [redacted] THERE WAS NOW NO LIKELIHOOD OF THAT.

5. TARIQ MUSTAFA'S ADDITION IS NEWS. MUSTAFA IS WELL-[redacted] KNOWN IN THE PENTAGON AND ELSEWHERE AS SENIOR OFFICIAL WHO IS MOST KNOWLEDGEABLE ABOUT PAKISTAN'S WEAPONRY REQUIREMENTS. WE ASSUME HIS PRESENCE MEANS AT MINIMUM THAT THE DELEGATION, AT SOME POINT AND AT SOME APPROPRIATE LEVEL, WILL ACQUAINT THE US SIDE WITH DETAILS OF LONG-AWAITED CONSOLIDATED LIST OF MATERIAL NEEDS. END COMMENT.

6. ACTION REQUESTED: DOES DEPARTMENT PLAN A PRESS RELEASE ABOUT THE US-PAK CONSULTATIONS? IF SO, WILL THERE BE ANY EFFORT TO COORDINATE TEXT WITH PAKS?

KING

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RUHEHQA/ CINCPAC HONOLULU HAWAII 4511
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E.O. 12065: RDS-1 10/9/85 (COON, JANE A.) NEA

TAGS: PEPR, MPOL, MNUC, OCON, PK

SUBJECT: (U) PAKISTANI-US CONSULTATIONS IN WASHINGTON

REF: ISLAMABAD 11467

1. (C - ENTIRE TEXT)

2. WE DO NOT PLAN TO ISSUE A PRESS RELEASE ABOUT US-PAK CONSULTATIONS. TALKS ARE PUBLIC KNOWLEDGE AND WE WILL PROBABLY PREPARE CONTINGENCY PRESS GUIDANCE FOR USE NEXT WEEK. WE WILL COORDINATE ANY PRESS GUIDANCE WITH PAK EMBASSY IN WASHINGTON AND SEND IT TO YOU AND INFO POSTS BY IMMEDIATE TELEGRAM. VANCE
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RYQMGU/AMEMBASSY ANKARA 4199
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RUMJGM/AMEMBASSY COLOMBO 1881
RUMJDK/AMEMBASSY DACCA 3535
RUQMRA/AMEMBASSY JIDDA 9ØØ
RUSBLK/AMEMBASSY KABUL 9761
RUMJHT/AMEMBASSY KATHMANDU 1864
RUSBKR/AMCOUNSL KARACHI 89ØØ
ZEN/AMCOUNSUL LAHORE 672Ø
RUDTC/AMEMBASSY LONDON 4281
RUEHMO/AMEMBASSY MOSCOW 1528
RUSBAE/AMEMBASSY NEW DELHI 1518
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RUQMHR/AMEMBASSY TEHRAN 5467
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C O N F I D E N T I A L ISLAMABAD 11679

PACOM FOR POLAD

E.O. 12Ø65: GDS 1Ø/14/85(HAGERTY, H.G.) OR-P
TAGS: PINT, PGOV, SHUM, PK
SUBJ:(C) ELECTIONS-'79: MLA-PNA DEAL BREAKS DOWN

REF: ISLAMABAD 11542

1.(U) SUMMARY: THE "DEAL" BETWEEN PAKISTAN NATIONAL ALLIANCE CHIEF MUFTI MAHMUD AND PRESIDENT ZIA UL-HAQ--WHICH, A WEEK AGO, APPEARED TO HAVEBROUGHT THE PNA INTO TH ELECTORAL PROCESS AND THE PROCESS ITSELF BACK ON THE TRACK-CAME UN-STUCK OVER THE WEEKEND, THE 13 OCTOBER DATE FOR FILDING ADDITIONAL NOMINATIONS PASSED WITH FEW IF ANY ADDITIONAL NOMINATIONS FROM PNA COMPONENTS BEING FILED AND WITHOUT A MOVE BY THE MARTIAL LAW ADMINISTRATION (MLA) TO REAFFIRM 17 NOVEMBER AS THE ELECTION DATE OR TO SET A NEW DATE.

2.(C) THE RESULT IS A NEW STAND-OFF BETWEEN AN THE ZIA GOVERNMENT AND THE OBSTREPEROUS BUT POLITICALLY WEAK PNA, A FURTHER LOSS OF CREDIBILITY BY THE GOVERNMENT AND BY THE POLITICAL PARTIES, AND THE LIKELIHOOD THAT ELECTIONS WILL BE POSTPONED BEYOND THE END OF THIS YEAR. BOTH THE MLA AND THE PNA ARE ASSIDUOSULY ATTEMPTING TO TAG THE OTHER WITH THE BLAME FOR THIS SERIES OF EVENTS, ZIA IS HUDDLED AGAIN WITH HIS GENERALS IN PREPARATION FOR A SPEECH WHICH IS NOW BRUTIED FOR MID-WEEK, AND HIS CLUMSY HANDLING OF EVENTS MAY HAVE WEAKENED HIS OWN POSITIO ARMY CHIEF AND CHIEF MARTIAL LAW ADMINISTRATOR. END SUMMAR

3. (U) THE EXTENDED DEADLINE FOR SUBMITTING NEW NOMINATION PAPERS FOR MEMBERS OF PARTIES NEWLY APPROVED FOR PARTICIPATION IN THE ELECTION PROCESS PASSED ON 13 OCTOBER WITH FEW IF ANY NEW NOMINATIONS HAVING BEEN FILED BY MEMBERS OF THE RUMP-PNA. THE DATE PASSED ALSO WITH NO NEW INDICATION FROM THE MARTIAL LAW ADMINISTRATION (MLA) OF ITS THINKING ON AN ELECTION DATE. PNA CHIEF MUFTI MAHMUD TOLD THE PRESS HE HAD ORDERED HIS ALLIANCE TO WITHOLD SUBMITTING NOMINATION PAPERS BECAUSE OF THE MLA'S REFUSAL TO REAFFIRM THE 17 NOVEMBER DATE OR TO SET A NEW ONE.

4.(C) THUS THE WEE .....
GENERAL ZIA, WHICH HAD APPEARED TO ENSURE PNA PARTICIPATION IN THE ELECTION PROCESS CAME UN-STUCK, A NEW CONFRONTATION BETWEEN THE MLA AND THE POLITICAL PARTIES LOOMED, AND THE EARLY LIKELIHOOD OF GENERAL ELECTIONS FURTHER DIMMED.

5.(C) MEANWHILE, PRESIDENT ZIA WAS REPORTED 14 OCTOBER TO HAVE HUDDLED OVER THE WEEKEND WITH HIS CORPS COMMANDERS/ PROVINCIAL GOVERNORS TO ASESS THE POLITICAL AND THE LAW AND ORDER SITUATIONS -- FORMULATION FREQUENTLY USED INDICATE THE GOVERNMENT IS ASSESSING THE LAW AND ORDER IMPLICATIONS OF POSSIBLY UNPOPULAR DECISIONS. NO SUBSTANTIVE REFERENCE WAS MADE TO ELECTIONS IN PRESS ACCOUNTS OF THE MEETINGS, BUT THERE IS HEIGHTENED SPECULATION THAT ZIA WILL TAKE TO THE AIRWAYS AT MID-WEEK -- THE 17TH IS BRUITED -- TO ANNOUCE HIS PLANS. AS IF TO HINT AT WHERE HE WILL COME DOWN, THE GOVERNMENT-OWNED PAKISTAN TIMES THIS MORNING URLED OUT THE DESIRABILITY OF ELECTIONS IN A LONG AND THOUGHFUL EDITORIAL HEADED, "WHAT IS THE WAY OUT?"

6.(U) THE EDITORIAL RUMINATED THAT A TRANSFER OF POWER TO CIVILIAN RULE, WITH SO THIN AN EXPERSSION OF POPULAR OPINION AS THE LIMITED NUMBER OF PARTIES NOW IN THE RUNNING MAKES LIKELY, COULD RESTORE THE CHAOS WHICH PROMPTED THE MILITARY TAKEOVER TWO YEARS AGO. THE PARTIES IN POWER WOULD BE UNABLE TO CONTROL

EVENTS, AND THE ARMY WOULD BE UNRELIEVED OF ITS OBLIGATIONS TO KEEP ORDER." IT IS THEREFORE ABOUT TIME," THE PAPER SIAD, " TO FACE THE MOMENT OF TRUTH AND CANDIDLY ACKNOWLEDGE THAT THE POLITICAL PROCESS IS NOT YET RIPE ENOUGH TO CRYSTALIZE INTO A POSITIVE SHAPE." THE PAPER WENT ON TO SUGGEST THAT THE ONLY WAY " OUT OF THIS MESS IS TO MAKE A FRESH, AND DIFFERENT, START, INDEED TO MAKE A DETERMINED ATTEMPT AT DEVISING A POLITICAL SYSTEM SUITABLE TO THE NATIONAL GENIUS." NO DETAILS OF SUCH A SYSTEM ARE NOTED, BEYOND THE SUGGESTION THAT IT SHOULD SOMEHOW BE MORE ATTUNED TO ISLAM.

7.(C) COMMENT: EARLY ELECTIONS -- ELECTIONS THIS YEAR -- APPEAR TO BE THE IMMEDIATE CASUALTY OF THE POLITICAL OCKEYING WHICH HAS TAKEN PLACE DURING THE LAST TWO WEE OTHER CASUALTIES ARE THE CREDIBILITY OF THE PRESIDENT, OF THE PARTY SYSTEM, AND OF THE PUTATIVE ELECTORAL PRO ON WHICH THE NATION HAS BEEN HALTINGLY EMBARKED SINCE ZIA ANNOUNCED AN ELECTION DATE LAST MARCH.

8.(C) ZIA NOW SEEMS POISED ON THE BRINK OF A MOMENTOUS DECISION, PERHAPS -- AS HE HAS HINTED EARLIER IN PRIVATE -- TO EXTEND HIS MARTIAL LAW REGIME INDEFIN WHILE THE MILITARY LEADERSHIP AGAIN TRIES TO FIGURE OU AWAY TO RESTORE CREDIBLE AND RESPONSIBLE CIVILIAN GOVER MENT.

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NOFORN

E.O. 12Ø65: GDS 1Ø/17/85 (SHERMAN, RICK) OR-P
TAGS: PINT PGOV PINR PK SHUM
SUBJECT: (C) MLA MOVES TO IMPLEMENT TOUGHER MARTIAL LAW SYSTEM

REFS: (A) ISLAMABAD 11787 (B) ISLAMABAD 11813 (C) KARACHI 5893(NOTAL)

1. (C) ENTIRE TEXT. PARAGRAPH 1Ø ONLY NOFORN

2. SUMMARY: IN THE EIGHTEEN HOURS SINCE PRES ZIA UL-HAQ ANNOUNCED HIS DECISION TO PUT OFF INDEFINITELY THE ELECTIONS PROMISED FOR NOV 17 AND TO TOUGHEN THE APPLICATION OF MARTIAL LAW HIS GOVERNMENT'S ACTIONS HAVE BEEN SWIFT AND DRAMATIC. MANY POLITICAL LEADERS HAVE BEEN PLACED UNDER HOUSE ARREST AND AT LEAST TWO NEWSPAPERS HAVE BEEN CLOSED OWN. PUBLIC REACTION, THUS FAR, IS CLAM.

3. ZIA'S SPEECH--AND THE QUICK IMPLEMENTATION OF THE CHANGES HE ANNOUNCED--APPEARS TO DELIMIT THE INTIAL PHASE OF ZIA'S BRAND OF "INTERIM" MARTIAL LAW.OO

THE NEXT P

PROMISES TO BE MORE STRINGENT. END YQMMARY.

4. THE MARTIAL LAW ADMINISTRATION (MLA OF PRESIDENT ZIA UL-HAQ HAS MOVED QUICKLY TO IMPLEMENT THE ACTIONS THE PRESIDENT ANNOUNCED IN HIS SPEECH ON OCOTBER 16. PUBLIC REACTION IS CALM, IF SOMEWHAT SHOCKED BY THE SWEEPING NATURE OF THE MOVES INTENDED BY THE MLA.

5. POLITICIANS DETAINED: IMMEDIATELY FOLLOWING THE ZIA SPEECH, THE TQA APPARENTLY BEGAN TO ROUND UP POLITICAL LEADERS FROM ALL SECTORS OF THE POLITICAL SPECTRUM, PUTTING THEM UNDER HOUSE ARREST, AT THEIR HOMES FOR PERIODS OF THREE MONTHS. ASGHAR KHAN, HEAD OF THE TEHRIK-I-ISTIQLAL (TI) WAS ARRESTED IN LAHORE AROUND MIDNIGHT AND TRANSFERRED TO HIS HOME IN ABBOTTABAD. BEGUM NUSRAT BHUTTO AND HER DAUGHTER BENAZIR, AS WELL AS OTHER PAKISTAN PEOPLES PARTY (PPP) LEADERS, WERE PLACED UNDER HOUSE ARREST IN KARACHI AND LAHORE. OTHERS RECEIVING SIMILAR TREATMENT: MIAN TUFAIL, AMIR OF JAMAAT ISLAMI (JI); NAWABZADA NASRULLAH KHAN, VICE PRESIDENT OF THE PAKISTAN NATIONAL ALIANCE PNA); MAULANA MUFTI MAHMUD. PRESIDENT OF THE PNA; AND HANIF RAMAY OF THE MUSAWAI PARTY. THE FATE OF OTHER LEADING POLITICIANS INCLUDING PAKISTAN MUSLIM LEAGUE LEADER PIR OF PAGARA, PAKISTAN NATIONAL PARTY CHIEF, MIR GHAUS BIZENJO, AND NATIONAL DEMOCRATIC PARTY LEADERS IS NOT CLEAR AT THIS TIME.

6. PUBLICATIONS CLOSED: REFLECTING THE THREAT OF CENSORSHIP, INDEPENDENT PAPERS LIKE ISLAMABAD'S "MUSLIM" PUT OUT FAIRLY "TAME" EDITIONS OCOTOBER 17. IN ANOTHER QUICK MOVE, THE MLA CLOSED TWO PPP NEWSPAPERS, "MUSAWAT" AND "SADAQAT" IN LAHORE AND KARACHI. OTHER AVOWEDLY ANTI-MLA PAPERS PUBLISHED OCOTBER 17 BUT FURTHER CLOSURES ARE EXPECTED.

7. POLITICAL PARTY OFFICES CLOSED: THE MLA REPORTELY ALSO MOVED DURING THE NIGHT OF OCT 16/17 TO CLOSE OFFICES OF POLTICAL PARTIES THROUGHOUT THE COUNTRY AND TO IMPOUND PARTY ASSETS.

8. PRE-SPEECH VIBRATIONS: IN THE HOURS PRECEEDING THE ZIA SPEECH, EMBOFFS HAD DISCUSSIONS WITH GENERAL (AND FEDERAL MINISTER) FAIZ ALI CHISHTI AND PML CHIEF PIR OF PAGARA. GENERAL CHISHTI TOLD DEPARTING A/ARMA AT RECEPTION THAT ZIA WOULD "SUSPEND" THE CONSTITUTION (APPARENTL FERRING TO CREATION OF MARTIAL LAW COURTS WITH PRIMACY IN JUDI MATTERS); OTHER POINTS NOTED REFTEL (A) AND IN ZIA SPEECH. CHISHTI SAID HE HAD "HELPED" DRAFT ZIA'S SPEECH THAT MLA HAD BEEN "TOO LENIENT", AND THAT HE FELT THESE MEASU WERE "LONG OVERDUE". CHISHTI ALSO REMARKED THAT HE WOULD BE SE ZIA OCT 17 IN CONNECTION WITH CHANGES IN MLA.

9. IN A MEETING EARLIN IN THE DAY (OCT 16) PIR PAGARA TOLD EMBOFF THAT LIKE EVERYONE ELSE, HE EXPECTED ZIA WOULD CANCEL ELECTIONS. HE ALSO SAID HE BELIEVES ZIA WILL ATTEMPT EVENTUALLY TO FORM A "NATIONAL GOVERNMENT" (NG) WHICH WILL RULE THE COUNTRY UNTIL THE TIME IS RIPE FOR ELECTIONS(LATE 1981 OR 1982). CONSTITUENTS OF SUCH A NATIONAL GOVERNMENT, PAGARA THOUGH, WOULD INCLUDE PRIMARILY ELEMENTS OF THE CENTER OF THE POLICIAL SPECTRUM--INCLUDING HIMSELF--GROUPED AS ONE PARTY. PAGARA PREDICTED ZIA WOULD NOT ANNOUNCE THE NG PLANS ON OCT 16, AS "HE DOES NOT HAVE THE COURAGE," PAGARA SAID TO ANNOUNCE ALL HIS PLANS AT ONCE.

10. COMMENT: ANALYSIS OF THE IMPLICATIONS OF ZIA UL-HAQ'S DRAMATIC MOVES WILL FOLLOW SEPTEL. AT THIS POINT THE INTENT OF THE CHANGES IS TO STRENGTHEN MARTIAL LAW AND CREATE SOME IMPOSED ORDER OUT OF THE CONFUSION AND UNCERTAINTY OF RECENT WEEKS AND MONTHS. PIR PAGARA'S PROPHESY OF ZIA'S INTENDED NATIONAL GOVERNMENT PLANS IS REFLECTED IN RECENT SRF (AND OTHER) REPORTING, WHICH ALSO SUGGESTS THAT THIS WILL INCLUDE AT LEAST A SYMBOLIC WITHDRAWAL OF THE MILITARY FROM POSITIONS OF POWER AND/OR A WITHDRAWAL FROM THE MILITARY OF THOSE--INCLUDING POSSIBLY ZIA HIMSELF--WHO WILL ADMINISTER THE NEW REGIME.

11. CLEARLY, PHASE ONE OF THE POST-BHUTTO MARTIAL LAW ADMINISTRATION--AN AVOWEDLY INTERIM REGIM, DESPITE ITS 28 MONTHS AT BAT--IS NOW OVER. PHASE TWO IS DAWNING AS PAKISTAN'S 75 MILLION PEOPLE PROCEED NORMALLY ABOUT THEIR BUSINESS ON THE MORNING OF OCTOBER 17. NO DISTURBANCES HAVE BEEN REPORTED, BUT THERE IS LITTLE DOUBT THAT ANY WHO CONTEMPLATE SUCH EXTRA-LEGAL ACTIONS WILL FIND THEMSELVES AT ODDS WITH A DETERMINED AND HARSHER MARTIAL LAW ADMINISTRATION. RITUAL BOWS TO EVENTUAL ELECTIONS NOTWITHSTANDING, PHASE TWO WILL BE MORE AUTHORITARIAN, AND THOSE IN CONTROL CLEARLY ENVISAGE LONG ENOUGH INNINGS TO EFFECT (OR ATTEMPT) POSSIBLY FUNDAMENTAL CHANGES IN THE POLITICAL, SOCIAL, AND ECONOMIC TOPOGRAPHY OF THIS POOR AND UNCERTAIN NATION.

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E.O.12065: XDS-4 10/17/99(POST,R.St.F)OR-M

FROM : Amconsul KARACHI — DATE: October 17, 197...

SUBJECT : (C) Law and Order in Baluchistan - Some Relaxa... of Tension Over Afghanistan

REF : Karachi 3627 (NOTAL)

TAGS : PINT,SREF,PK,AF

1. (C - Entire text.)

Summary

2. Concern in Baluchistan generally has lessened over the conflict across the border, following the overthrow of Nur Mohammed Taraki. So-called progressives are said to have backed off from open support of Kabul. Nevertheless, not everyone is sanguine that Soviet troubles in Afghanistan will tie the USSR's hands.

3. Other conclusions from a recent visit to Baluchistan are: (1) the local bodies elections left the province divided between a resurgent Pakistan People's Party and still-powerful sardars, although the sardars as an institution may have taken a beating; (2) President Zia-ul-Haq appears to have prepared the people of Baluchistan psychologically for the postponement or cancellation of elections, but they disagree whether no elections would lead to confrontation with the MLA, and (3) despite the apparent lessening of tension over Afghanistan, attitudes toward the U.S. remain waspish.

4. We a... reporting separately on visits to camps housi... Afghan r...fugees and guerrillas.

End summary.

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Climate of Relaxation

3. Three months ago the threat from Soviet-dominated ...hanistan caused tension in Baluchistan (reftel). We now ...d the concern has eased, reflecting the setbacks the Soviets ... their Khalqi allies suffered in the intervening period. ...s was one of the conclusions we reached after talks with ...ross-section of people in Quetta, Pishin and Chaman September ... to October 3.

4. Whereas the pre-coup situation in Afghanistan had exacer-...ed divisions between Baluchistan's two dominant population ...ups, the Baluchis and Pathans, and between the left and ...ht, the issue now seems less divisive.

5. Pathans tol... is of their outrage over the killing of Taraki. ...ey accepted that he had lost his life.) One Pathan explained ...t, while his people often and with impunity dispatched members ... their own families to the grave, they rarely courted the op-...bium attached to killing a respected leader. The Baluchis, ... their part, appeared simply to have calculated new odds ...s result of the Taraki overthrow ...d decided that Kabul's ...e of the future crested out at ...ea. The leader of the ...ional Democratic Party in Baluchistan even predicted the ...k-up of Afghanistan.

6. We also heard from several sources that the so-called pro-...ssives, including Pakistan National Party President Ghaus ...sh Bizenjo, had backed off from open support of Kabul. (Over-...es that a close associate of Bizenjo made recently to us ... the Embassy lend credence to these reports.)

Continued Caution

7. Not all those with whom we talked, however, were sanguine ...t Soviet troubles in Afghanistan would tie the USSR's hands. ... Home Secretary, Colonel Abdul Rauf Khan, said that, if ...re was any relaxation of tension about Afghanistan, it was ...ely because of the passage of time. People have become used ... the fact that the Soviets are across the border and believe ... have to live with it. He and others thought the Soviets ...ld be active in Baluchistan regardless of their success or ...lure elsewhere, and he personally regarded Hafeezullah Amin ... greater danger than Taraki. The Home Secretary said that, ...e Baluchistan is quiet, "invisible money" is flowing to ...tain elements in the province. Nevertheless, he thought ... problem was manageable. Daud Jan, the Khan of Kalat, gave

us a specific report of arms running. He said that a group of left-wing members of the Marri tribe and foreigners believed to be East Europeans had passed through Sarawan, Jahalawan and Kalat districts this summer, distributing Kalashnikovs and other weapons, plastic explosives, money and provisions. The travelers were said to have forecast war in the near future between Afghanistan and Pakistan, urging those to whom they gave arms to store them until hostilities and then use them against Pakistani supply lines.

PPP Makes a Dent in Baluchistan

11. Another conclusion from our talks in Baluchistan is that the local bodies elections held there September 27 left the province divided between a resurgent Pakistan People's Party and still-powerful sardars, although some observers claimed that the sardars as an institution actually took a beating.

12. It was generally conceded that the PPP did what it failed to do during Bhutto's life, make a respectable showing in Baluchistan. Even opponents of the PPP said that its members won about 15 percent of the seats. (The PPP itself claimed a doubtful 50 to 60 percent.) The party's most talked-about successes occurred in strongholds of the PNP's top leaders with the PPP taking the majority of the seats in Mekran (Bizenjo's home district) and Lasbella (Attaullah Mengal's).

13. The strength of the sardars was manifest in the lands belonging to the Marri and Bugti tribes, where the people simply refused to allow the polls to take place. In tribal areas where voting did occur, a group of important sardars (Doda Khan Sarakzai, Nabi Bux Zehri, Sheikh Umer, Taj Mohammed Jamali and Nawabzada Sher Ali Khan), who are supporting the Martial Law Administration, took active part, and their nominees won a good number of seats.

14. The real winners of the local bodies elections, however, may be the relative unknowns who defeated established figures or their candidates in virtually every corner of the province. Many of these new faces belong to the PPP. President Zia-ul Haq can be expected to try to undermine their loyalty by awarding them powers and influence. To avoid this possibility, the PPP is said to have chosen candidates who had suffered at the hands of the MLA.

15. Several persons remarked that the victory of so many unknown persons was a blow to the sardars as an institution, because in numerous instances tribes voted against their own leaders. The Khan of Kalat said that a new generation of nationalists is emerging, fed up with the failure of the old leadership and prepared to look to outside sources for help. He noted that, in the report of the group traveling through Baluchistan distributing arms, it was significant that the persons with whom the group was in touch were not well-known leftists like "General" Sheroff Marri but low-level tribesmen. He thought the by-passing of the leaders was more dangerous because it would be more difficult for the government to monitor the activities of widely-scattered tribesmen than a few prominent persons.

The Question of Elections ...

16. Zia had visited Quetta just two days before our arrival. He is known to have met publicly and privately with over 50 prominent citizens of the province, mostly as members of the group to whom he made his well-publicized remarks casting doubt on the schedule for the elections (Islamabad 11036). Dubbed "the notables" by local residents, the members of this group were for the most part carefully selected supporters of the MLA. Of 20 allowed to question Zia, 19 called on him to cancel the elections and remain in office.

17. During a confidential conversation with Faiseh Iqbal, the editor of the Baluchistan Times, Zia was said by Iqbal to have asked for a reassessment of Baluchistan, with particular emphasis on the attitudes of Bizenjo and Khair Bux Marri. Iqbal concluded that Zia had made a deal with the Marris, citing in support of this hypothesis the fact that the MLA recently gave permission to both Khair Bux Marri and General Sheroff to leave the country. Hashim Ghilzei, President of the NDP in Baluchistan, alleged that Zia has also bought off the radical Baluchistan Students Organization. He said that the Federal Intelligence Agency has hired eight members of the BSO and that the provincial government set up an organization one month ago to find jobs for Baluchi students.

18. Whether or not Zia has made any such deals, he appears to have prepared people of Baluchistan psychologically for an announcement postponing or even canceling the elections. Most people with whom we spoke were convinced elections would not take place. They disagreed, however, whether this would lead to confrontation between the province and the MLA.

... and Confrontation

19. Leaders of the pugnacious Hazara tribe, which makes up a significant part of the population of Quetta, believed that the non-participation of the PPP, NDP and PNP would effectively disenfrancize Baluchistan's voters, so that, if the elections were held with only the present line-up of parties, the people of Baluchistan would rebel. Former Governor Nawab Akbar Khan Bugti said that the people are fed up with martial law and would react violently were an effort made to prolong it. Ghulam Sarwar Khan, a former member of the PPP who was recently elected unopposed to the District Council in Pishin, thought the parties would come out on the streets if elections were not held.

20. Those who thought no confrontation would occur argued that the tribesmen who bore the brunt of the insurgency against Bhutto from 1973 to 1977 had suffered enough and were too tired to return to their mountain hideouts. Bugti himself suggested a reason confrontation might not prove successful - he said that the Pakistan National Alliance, which had spearheaded the successful opposition to Bhutto in the spring of 1977, would not take to the streets because the overthrow of the PPP would benefit only the PNA's opponent, Bhutto's PPP. Mohammad Saleh Mandokhel, a long-time associate of Wali Khan and Deputy Secretary General of the NDP, said that his party would not join other parties in confronting the MLA because the NDP does not oppose Zia, who unlike Bhutto had done nothing against the NDP's leaders. Finally, most of our contacts doubted the ability of the PPP to organize an effective protest.

21. We are inclined to agree with those who discount the likelihood of a serious threat to the MLA arising from Baluchistan because we find their reasons more persuasive than the simple assertions of others that there would be confrontation. We do not mean that no violence would occur, only that the MLA should be able to contain it.

Attitudes toward the U.S.

22. Despite the apparent lessening of tension over Afghanistan, attitudes toward the U.S. remain waspish. As a people, Americans continue to enjoy the friendship and sympathy of the majority of people to whom we spoke. But recent actions by President Carter to project a stronger U.S. presence in the Indian Ocean and the Near East have failed to alter the belief that the U.S. has lost ground in the competition with the USSR. For example,

the Home Secretary, a tough ex-Colonel charged with responsibility for the security of Baluchistan, criticized the U.S. for not anticipating changes in Afghanistan and Iran and doing something to head them off. He and others remained bitter about U.S. opposition to Pakistan's development of nuclear technology, which they confusedly called peaceful while asking why we did not want Pakistan to have the bomb. Umer Khan Afridi, the provincial Secretary for Planning and Development, was troubled by the instability of the sub-continent and the general sense that the U.S. was indecisive while the USSR was on the offensive. Bugti lectured us on our failure to support allies.

23. Nevertheless, we found that many of the criticisms were based on misinformation and, when presented with the facts, the critics were prepared to accept the possibility they were wrong. There was, for instance, general satisfaction with the U.S. role in the mid-East peace talks, and even a concession that the Palestinian Liberation Organization ought to recognize Israel. And while some thought that the U.S. should help the mujahideen against the regime in Kabul, others agreed that it was wiser not to interfere. About the only specific suggestion we received for U.S. help was from the winner of the District Council seat in Pishin. He urged us to direct our economic assistance to the development of the tribal areas, in order to weaken the appeal the Afghanistan government has with its call for a greater Pakhtunistan. A modest suggestion, from a self-interested source.

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...ED OFFICIAL USE SECTION 01 OF 03 STATE 271709/01

...FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

...12065: N/A

POL ...: SOPN

CHRG ICA RF CHRN ...SUBJECT: DEPARTMENT PRESS BRIEFING - OCTOBER 17

...DO YOU HAVE ANY COMMENT ON THE PAKISTANI LEADERSHIP'S ...Y OF ELECTIONS AND THE CRACKDOWN ON POLITICAL PARTIES, ...NCE, AND THE PRESS?

...THE UNITED STATES HAS, ON A NUMBER OF OCCASIONS, ...D THAT WE HOPE PAKISTAN WILL HAVE DEMOCRATIC ...ION" AT AN EARLY DATE AND RETURN TO CIVILIAN RULE. ..., THEREFORE, DEEPLY DISAPPOINTED OVER GENERAL ZIA'S ...NOUNCEMENT THAT ELECTIONS HAVE BEEN INDEFINITELY POST- ...D AND THAT MARTIAL LAW REGULATIONS WILL BE IMPOSED ...POLITICAL ACTIVITIES. THIS IS A POSITION ABOUT WHICH ...PAKISTANIS ARE VERY AWARE. WE HAVE REAFFIRMED THIS ...Y TO THEM.

...WHERE'S IN THE TALKS YESTERDAY?

...LET ME JUST SAY THAT WE HAVE REAFFIRMED IT. I WOULD ... ADD THAT OUR CHARGE IN ISLAMABAD HAS ALSO MADE OUR ...S KNOWN TO THE GOVERNMENT OF PAKISTAN.

...DOES THIS SAY ANY EFFECT ON ANY PENDING REQUESTS ... ARMS OR ANYTHING ELSE?

...NO. AS YOU KNOW, THE UNITED STATES HAS NOT PROVIDED ...DEVELOPMENT AID TO PAKISTAN THAT IS TO SAY, NEW ...LOPMENT AID: I'M NOT GOING TO SPEAK OF ANYTHING THAT ... IN THE LINE -- SINCE WE INVOKED THE SYMINGTON ...MENT LAST APRIL. WE ARE CONTINUING TO PROVIDE FOOD ... HUNGRY PEOPLE. WE EXPECT, FRANKLY, TO CONTINUE THAT ...THIS BASIS. AS FAR AS ANY MILITARY ASSITANCE, I ... OF NO PLANS TO PROVIDE THAT.

...ISN'T THIS AN INTERVENTION IN THE INTERNAL AFFAIRS ...A FOREIGN COUNTRY, TO MAKE SUCH A STATEMENT?

...NO, I CAN GIVE YOU THE STANDARD BOILERPLATE, WHICH ...THAT AS SIGNATORIES TO A NUMBER OF DOCUMENTS WHICH ...TAN HAS WITH VIRTUALLY ALL NATIONS, WE DO HAVE BOTH ...RESPONSIBILITY AND THE RIGHT TO COMMENT ON THESE LINES.

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Q. ON THESE TALKS, I GUESS WHICH ARE WINDING UP TODAY, THAT RIGHT --

A. YES, I THINK THIS AFTERNOON, JIM.

Q. YESTERDAY WE WERE TOLD THAT THEY FOCUS ON PAKIST[illegible] SECURITY CONSIDERATIONS. DOES THAT INCLUDE A REQUEST FOR MILITARY ASSISTANCE FROM THE UNITED STATES?

A. LET ME SAY THAT INSOFAR AS WHAT HAS COME OUT OF THAT MEETINGS, I'M NOT GOING TO HAVE ANYTHING NOW, INCLUDING ANY SORT OF READOUT ON WHAT THE DISCUSSIONS ARE. I MAY

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* U.S. GOVERNMENT PRINTING OFFICE: 1977—225-323

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[illegible]JM/AMCONSUL JERUSALEM IMMEDIATE 2835
[illegible]RA/AMEMBASSY JIDDA IMMEDIATE 1505
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[illegible]IC/AMEMBASSY LONDON 9643
[illegible]MG/AMEMBASSY MOSCOW 7552
[illegible]NA/USMISSION USNATO 2192
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[illegible]PDT/USMISSION USUN NEW YORK 2112
[illegible]MBI/AMEMBASSY ABU DHABI 5274
[illegible]RAD/USINT BAGHDAD 2213
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/AMEMBASSY ALGIERS POUCH

5 F I D E N T I A L

LIMITED OFFICIAL USE SECTION 02 OF 05 STATE 271799/02

CINCEUR FOR POLAD, TEL AVIV FOR DAO, DELIVER BY 9 A.M.

HAVE SOMETHING FOR YOU LATER, AT THE CONCLUSION OF TODAY.

Q. WELL, WILL THE PAKISTANI DECISION ON MARTIAL LAW AFFECT ANY AMERICAN DECISION ON PAKISTAN SECURITY CONSIDERATIONS?

A. I DONT WANT TO SPECULATE ON SOMETHING WHICH I CANT KNOW CONFIRM HAS ARISEN? I.E., A SPECIFIC SET OF REQUESTS. IT'S A PERFECTLY GOOD QUESTION. HOW ABOUT ASKING ME THAT AFTER WE DO A READOUT ON THE MEETINGS, AND THEN WE'LL SEE WHAT WE CAN DEVELOP FROM THERE. I DONT HAVE ANYTHING TO OFFER ON THAT NOTION RIGHT NOW.

Q. DOES YOUR STATEMENT INTEND TO IMPLY DISMISSAL OF THE REASONING CITED BY THE PAKISTANI GOVERNMENT FOR CONTINUING MARTIAL LAW AND PUTTING OFF ELECTIONS?

A. NO. I'M NOT GOING TO TRY TO DEAL WITH THE RATIONALE FOR THE POSTPONEMENT. THE POSITION I HAVE ANNOUNCED WAS TO SPEAK FOR ITSELF.

Q. HAVE YOU EVIDENCE THAT THE WORK ON THE NUCLEAR PAKISTANI PLANT HAVE BEEN STOPPED RECENTLY, AS WAS SAID IN THE PRESS LAST WEEK?

A. I HAVE NO INFORMATION ON THAT. I DONT.

Q. HAS CHINA EVER INTERCEDED ON BEHALF OF PAKISTAN TO REQUEST THAT WE RECONSIDER GRANTING MILITARY AID?

A. I WOULDN'T DEAL WITH ANY OF OUR DIPLOMATIC CONVERSATIONS.

Q. YOU PUT A FRAMEWORK AROUND THE QUESTION THAT YOU ANSWERED, THAT YOU ARE NOT GOING TO COMMENT ON THE RATIONALE FOR THE PAKISTANI ACTION. THE AMERICAN REACTION CERTAINLY HAS TO HAVE PARAMETERS, SO WHAT ARE THOSE IN CONNECTION WITH WHAT IS HAPPENING IN PAKISTAN AT THE MOMENT?

A. MY PARAMETER IS WHAT WE'VE STATED, I GUESS, REPEATEDLY, SINCE THE TIME OF THE MILITARY TAKEOVER IN PAKISTAN WHEN ALL CAME IN, WHICH IS THAT WE HOPED FOR A EARLY RETURN TO DEMOCRATIC RULE. OBVIOUSLY HERE A POSTPONEMENT OF THE DATE AND THE REIMPOSITION OF MARTIAL

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Q. WHO WILL THE OTHER PARTICIPANTS BE?

A. THE USUAL PARTICIPANTS AT THAT LEVEL.

Q. WELL, DAYAN, FROM ISRAEL, FOR EXAMPLE?

A. IT WILL DEPEND. THESE ARE THE CONTINUATION OF THE TALKS ON AUTONOMY, SO THAT THE PARTICIPANT THERE IS MR. BURG.

Q. MR. BURG?

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... RUEHJA/AMEMBASSY JIDDA IMMEDIATE 1604
... RUEHTV/AMEMBASSY TEL AVIV IMMEDIATE 7141
... RUEHTR/AMEMBASSY TEHRAN IMMEDIATE 5020
... RUEHOD/AMEMBASSY ISLAMABAD IMMEDIATE 7627
... RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 1774
... RUHDK/AMEMBASSY DACCA IMMEDIATE 0850
... RUEHJP/AMEMBASSY BEIJING IMMEDIATE 0227
... RUEHBL/AMEMBASSY KABUL IMMEDIATE 0178
... RUHMAM/AMEMBASSY MANAMA 5610
... RUEHRT/AMEMBASSY RABAT 4335
... RUEHMS/AMEMBASSY SANA 6177
... RUQMTI/AMEMBASSY TRIPOLI 0089
... RUEKER/AMEMBASSY TUNIS 5799
... RUQMZN/USMISSION SINAI 0190
... RUQMDH/AMCONSUL DHAHRAN 4150
... RUEHGV/USMISSION GENEVA 3575
... RUQMKM/AMEMBASSY KHARTOUM 5213
... RUDTC/AMEMBASSY LONDON 9844
... RUEHMO/AMEMBASSY MOSCOW 7853
... RUEHNA/USMISSION USNATO 8193
... RUEHPS/AMEMBASSY PARIS 1625
... RUEHRO/AMEMBASSY ROME 3498
... RUEHUT/USMISSION USUN NEW YORK 6113
... RUQMBI/AMEMBASSY ABU DHABI 5275
... RUEHAD/USINT BAGHDAD 2514
... RUQMOD/AMEMBASSY DOHA 0652
... RUQMKW/AMEMBASSY KUWAIT 8686
... RUEHOL/AMEMBASSY BONN 3838
... RUEKJCS/ SECDEF WASHDC 5638
... RUEAJCS/ JCS WASHDC 5063
... RUEAIIA/ CIA WASHDC 4360
... RUEADWW/ NSC WASHDC 3773
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... ZFN/AMEMBASSY ALGIERS POUCH
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* U.S. GOVERNMENT PRINTING OFFICE: 1977—225-323

LIMITED OFFICIAL USE SECTION 03 OF 05 STATE 271798/03

SINCEUR FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

A. NO. I REALLY DONT WANT TO DEAL WITH THAT. THE TALKS ARE STILL GOING ON. THERE ARE MEETINGS STILL SCHEDULED FOR THIS AFTERNOON.

Q. HAS THE ATMOSPHERE BEEN CHANGED IN ANY WAY?

A. I HAVEN'T BEEN IN THEM, BUT I CANT GIVE YOU ANY DESCRIPTION OF THE ATMOSPHERE. THEY HAVE BEEN THOROUGH TALKS.

Q. HAVE THE TALKS BEEN LENGTHENED?

A. NO.

Q. I HEARD TODAY THAT THEY WERE TO END THIS MORNING.

A. NO. ALWAYS, FOR AS LONG AS I CAN REMEMBER, THE SCHEDULE HAS INCLUDED WHAT IS ON THERE RIGHT NOW: I.E., AN AFTERNOON MEETING WITH THE SECRETARY.

Q. I HEARD THAT THE SECRETARY, WARREN CHRISTOPHER, AND HAINSOM HAD AN UNSCHEDULED MEETING THIS MORNING WITH ALI BHUTTO.

A. THERE HAVE BEEN CONTINUING TALKS WITH HIM.

Q. BUT IT'S NOT ON THE SECRETARY'S SCHEDULE.

A. YES, WELL, A LOT OF THINGS AREN'T. THERE HAVE BEEN CONTINUING TALKS WITH HIM.

Q. WE KNOW THAT ALI BHUTTO REPORTED THAT KISSINGER HAD TOLD HIM THAT HE WOULD BE WILLING TO SELL MASSIVE CONVENTIONAL ARMS IF ALI BHUTTO GAVE UP HIS PEACEFUL NUCLEAR PLANS. ALI BHUTTO DIDN'T AGREE TO WHAT, WITH SOME OBVIOUS CONSEQUENCES. WE GOT REPORTS A WHILE BACK WHEN THE GERARD C. SMITH TASK FORCE WAS SET UP, REMEMBER, ON HOW TO DEAL WITH THE PAKISTAN NUCLEAR QUESTION, THAT THEY WERE GOING TO PROPOSE MAKING A SIMILIAR KIND OF DEAL AROUND THE NUCLEAR WEAPONS QUESTION.

NOW, THIS DOESN'T GO DIRECTLY INTO THE TALKS RIGHT NOW, BUT CAN YOU CONFIRM THAT THAT WAS ONE OF THE POSSIBILITIES THAT WAS DISCUSSED BY THE TASK FORCE? DO YOU HAVE ANY

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KIND OF COMMENT ON THAT?

A. I WOULDN'T CONFIRM OR DENY THAT REPORT. I AM NOT COMMENTING ON IT ENTIRELY.

Q. WHY HAS THERE BEEN A DELAY IN THE RESPONSE ON THE SINAI FORCE -- WHAT'S GOING ON THERE?

A. A DELAY IN RESPONSE?

Q. WE HAD THE IMPRESSION THAT EVRON AND VANCE WOULD M[illegible] -- I THOUGHT, ABOUT A WEEK AGO -- AND NOW THERE I[illegible] NO MEETING SCHEDULED ACCORDING TO YOUR POSTING.

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* U.S. GOVERNMENT PRINTING OFFICE 1977—225-323

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* U.S. GOVERNMENT PRINTING OFFICE 1977—225-323

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RUEHDM/AMEMBASSY DAMASCUS IMMEDIATE 7330
RUEHJM/AMCONSUL JERUSALEM IMMEDIATE 2537
RUEHJA/AMEMBASSY JIDDA IMMEDIATE 1695
RUEHTV/AMEMBASSY TEL AVIV IMMEDIATE 7142
RUEHKR/AMEMBASSY TEHRAN IMMEDIATE 5831
RUEHOD/AMEMBASSY ISLAMABAD IMMEDIATE 7835
RUEHAS/AMEMBASSY NEW DELHI IMMEDIATE 1775
RUEHJK/AMEMBASSY DANCA IMMEDIATE 0883
RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 0226
RUEHUK/AMEMBASSY KABUL IMMEDIATE 0175
RUEHAM/AMEMBASSY MANAMA 5911
RUEHRT/AMEMBASSY RABAT 4536
RUEHNS/AMEMBASSY SANA 6175
RUEHTI/AMEMBASSY TRIPOLI 0010
RUEHTU/AMEMBASSY TUNIS 5800
RUCMZN/USMISSION SINAI 0101
RUEHDH/AMCONSUL DHAHRAN 4160
RUEHGV/USMISSION GENEVA 3976
RUEHKM/AMEMBASSY KHARTOUM 0214
RUEHLC/AMEMBASSY LONDON 0645
RUEHMO/AMEMBASSY MOSCOW 7554
RUEHNA/USMISSION USNATO 0184
RUEHPS/AMEMBASSY PARIS 1086
RUEHRO/AMEMBASSY ROME 3499
RUEHUT/USMISSION USUN NEW YORK 0114
RUQMII/AMEMBASSY ABU DHABI 0070
RUEHAD/USINT BAGHDAD 2315
RUEHMD/AMEMBASSY DOHA 0655
RUQMKW/AMEMBASSY KUWAIT 0067
RUEHOL/AMEMBASSY MUSCAT 0039
RUSBJCS/ SECDEF WASHDC 0051
RUEKJCS/ JCS WASHDC 5084
RUEAIIA/ CIA WASHDC 4591
RUFRDWW/ NSC WASHDC 5774
RUSBTA/USTDA WASHDC
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ZUN/AMEMBASSY ALGIERS POUCH

C O N F I D E N T I A L

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LIMITED OFFICIAL USE SECTION 04 OF 05 STATE 271795/04

CINCEUR FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

A. I DONT KNOW OF ANY PROBLEMS EITHER.

Q. ANYTHING ON ARMS TO MOROCCO?

A. I HAVE NOTHING.

Q. FOREIGN MINISTER YAZDI SAID THAT THE CONDITIONS LAID BY THE UNITED STATES IN THE ARMS RELATIONSHIP ARE UNACCEPTABLE AND HE HAS THREATENED TO USE THE OIL WEAPON. DO YOU HAVE ANY COMMENT ON THAT?

A. NO. I HAVE SEEN A REPORT THAT AMBASSADOR STRAUSS WILL BE GOING TO LONDON LATER THIS MONTH, FOR A MEETING WITH PRIME MINISTER KHALIL -- IT IS NOT CLEAR WHETHER THE ISRAELIS WILL ALSO BE INVOLVED IN THE MEETING -- WITH THE PURPOSE SUPPOSEDLY TO REVIEW PROGRESS IN THE AUTONOMY TALKS AFTER SIX MONTHS.

DO YOU HAVE ANYTHING ON THAT?

A. I WOULD SAY ON BACKGROUND I HAVE NO REASON TO ARGUE WITH THAT.

Q. IS IT MULTILATERAL? WOULD THE ISRAELIS BE INVOLVED AS WELL?

A. I THINK I WILL HAVE SOMETHING MORE TO SAY ON THAT SHORTLY.

Q. MR. STRAUSS PUT IT ON THE RECORD THIS MORNING.

A. WELL, IF HE PUT IT ON THE RECORD, THEN I WILL KEEP IT ON BACKGROUND BUT WILL SAY THAT THERE WILL BE MEETINGS AT THE END OF NEXT WEEK INVOLVING THE THREE PARTIES. THEY SIMPLY WANT TO REVIEW HOW THE SITUATION IS AT THIS POINT.

IT WILL NOT BE A LARGE DRESS DEAL; THEY ACTUALLY WOULD LIKE TO NOT HAVE A MAJOR PUBLICITY SHOW OUT OF IT -- A VERY HOPE.

BUT IN ANY CASE, THEY WILL BE MEETING IN LONDON BECAUSE PRIME MINISTER KHALIL WAS GOING TO BE IN THE AREA IN ANY C

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AND A CRACKDOWN ON POLITICAL PARTIES IS NOT PRECISELY WHAT WE HAD IN MIND.

Q. DOES THAT MEAN THE U.S. GOVERNMENT BELIEVES CONDITIONS IN PAKISTAN ARE CONDUCIVE TO THE RETURN OF DEMOCRATIC RULE?

A. IT MEANS THAT THE UNITED STATES IS DEEPLY DISAPPOINTED ABOUT THE ANNOUNCEMENT. THAT'S WHAT IT MEANS.

Q. CAN YOU SAY WHAT IMPACT THIS EVENT AND YOUR REACTION TO IT HAS HAD ON THE TALKS THAT ARE GOING ON NOW?

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RUEHTV/AMEMBASSY TEL AVIV IMMEDIATE 7145
RUEHRC/AMEMBASSY TEHRAN IMMEDIATE 5922
RUEHSQI/AMEMBASSY ISLAMABAD IMMEDIATE 7629
RUSBAE/AMEMBASSY NEW DELHI IMMEDIATE 1778
RUMJDK/AMEMBASSY DACCA IMMEDIATE 7081
RUMJPG/AMEMBASSY BEIJING IMMEDIATE 8229
RUEHBL/AMEMBASSY KABUL IMMEDIATE 0183
RUQMAM/AMEMBASSY MANAMA 5312
RUQMBT/AMEMBASSY RABAT 4337
RUEHMS/AMEMBASSY SANA 6179
RUQMTI/AMEMBASSY TRIPOLI 0411
RUEHTR/AMEMBASSY TUNIS 5841
RUQMZN/USMISSION SINAI 0122
RUQMDE/AMCONSUL DHAHRAN 4161
RUEHGV/USMISSION GENEVA 3877
RUQMKM/AMEMBASSY KHARTOUM 5218
RUDTC/AMEMBASSY LONDON 9646
RUEHMO/AMEMBASSY MOSCOW 7655
RUFHNA/USMISSION USNATO 8193
RUQMPS/AMEMBASSY PARIS 1887
RUQMRO/AMEMBASSY ROME 3508
RUEHUT/USMISSION USUN NEW YORK 6115
RUQMBI/AMEMBASSY ABU DHABI 5277
RUEHAD/USINT BAGHDAD 2315
RUQMOD/AMEMBASSY DOHA 8634
RUQMKW/AMEMBASSY KUWAIT 6688
RUEHOL/AMEMBASSY BONN 3849
RUEKJCS/ SECDEF WASHDC 5632
RUEKJCS/ JCS WASHDC 5265
RUEAIIA/ CIA WASHDC 4362
RUEADWW/ NSC WASHDC 3775
RUEKIA/USICA WASHDC
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ZEN/AMEMBASSY ALGIERS POUCH
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C O N F I D E N T I A L

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LIMITED OFFICIAL USE FINAL SECTION OF 05 STATE 271799/05

CINCEUR FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

A. DR. BURG, YES. END BACKGROUND.

Q. THERE IS A REPORT OUT OF AMMAN THAT AMBASSADOR TO DAMASCUS TALCOTT SEELYE HAD A 45-MINUTE TALK WITH A LEADING PLO OFFICIAL NAMED MAHMUD 'ABBAS AND I AM JUST WONDERING WHETHER YOU CAN CONFIRM THAT MEETING.

A. WHEN WAS THIS SUPPOSED TO HAVE OCCURRED?

Q. DURING THE VISIT TO SYRIA OF JESSE JACKSON.

A. THIS WAS SOME WEEKS AGO?

Q. WELL, I THINK THAT WAS -- WHEN WAS THAT? ABOUT TWO WEEKS AGO? YES.

A. HE BECAME AWARE THAT SUCH A PERSON WAS PRESENT. HE DID NOT HAVE A 45-MINUTE DISCUSSION WITH HIM. THERE WAS A SET UP THAT OCCURRED WHICH WAS DULY PUBLICIZED IN ONE OR TWO PUBLICATIONS.

THERE WAS NOT A DISCUSSION, AND IT WAS NOT AN OFFICIAL CONTACT. IT WASN'T EVEN MEANT TO BE AN UNOFFICIAL CONTACT.

Q. THANK YOU. VANCE
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ZEN/AMCONSUL LAHORE 6745
RUDTC/AMEMBASSY LONDON 4250
RUSBAE/AMEMBASSY NEW DELHI 1537
ZEN/AMCONSUL PESHAWAR
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C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 11900

CINCPAC FOR POLAD

E.O. 12065: GDS 10/18/85(MULTIPLE SOURCES) OR-P
TAGS: PINT, PK, PGOV
SUBJ(U) MARTIAL LAW TIGHTENS UP

REFS(A) ISLAMABAD 11816(B) ISLAMABAD 11813

1.(C) SUMMARY: MARTIAL LAW IS TIGHTENING ITS GRIP ON PAKISTAN AS GENERAL ZIA UL-HAQ'S TOUGHENED MARTIAL LAW ADMINISTRATION (MLA) ENTERS ITS SECOND FULL DAY. NO UNTOWARD INCIDENTS HAVE BEEN REPORTED, AND THE LAW AND ORDER SITUATION APPEARS CALM. MANY MAJOR POLITICAL FIGURES ARE EITHER IN HIDING, UNDER HOUSE ARREST, OR IMPRIS OFFICES OF ALMOST ALL "DEFUNCT" POLITICAL PARTIES HAVE BEEN SEALED. SPECIAL MILITARY COURTS HAVE BEEN SET UP, AND PUBLIC FLOGGING OF OFFENDERS HAS REAPPEARED. PRESIDENT ZIA PERSONALLY BRIEFED SEVERAL AMBASSADORS(AS WELL AS CHARGE') ON 17TH THE BACKGROUND TO HIS OCTOBER 16 SPEECH AND THE REASONS FOR HIS DECISIONS. END SUMMARY.

2. (U) THE FIRST FULL DAY OF TOUGHENED MARTIAL LAW WITNESSED SEVERAL EXAMPLES OF THE ZIA REGIME'S NEW ATTITUDE TOWARD PARTIES, POLITICIANS, AND THE PRESS:

-- PROVINCIAL GOVERNMENTS ANNOUNCED THAT 50 PERSONS IN SIND AND 40 IN NORTHWEST FRONTIER PROVINCE (NWFP) HAVE BEEN DETAINED UNDER MARTIAL LAW ORDER (MLO-12) FOR "ACTIVITIES PREJUDICIAL TO THE MAINTENANCE OF PUBLIC ORDER". INCLUDED REPORTEDLY IS PPP LEADER G. M. JATOI. "OFFICIAL FIGURES HAVE NOT BEEN RELEASED FOR PUNJAB AND BALUCHISTAN, BUT WE WOULD ESTIMATE THAT PERHAPS ANOTHER TWO HUNDRED LEADERS AND WORKERS HAVE BEEN DETAINED IN THOSE PROVINCES, AMONG THEM TIKKA KHAN, ADDITIONAL SECRETARY OF THE PAKISTAN PEOPLES PARTY(PPP) WHO WAS ARRESTED AS HE ALIGHTED FROM A PIA JET AT RAWALPINDI AIRPORT.

CLARIFICATIONS HAVE BEEN ISSUED BY THE PUNJAB
RNMENT OVER REPORTS OF ARRESTS YESTERDAY OF JAMAAT
PAKISTAN NATIONAL ALLIANCE (PNA) LEADERS MIAN TUFAIL,
I MAHMUD, AND NAWABZADA NASRULLAH KHAN; ALL ARE SAID
TO BE FREE AND THE PRESS REPORTS OF THEIR DETENTION
LSE.

-THE PAKISTAN TIMES HAS PRINTED A CORRECTION INDI-
NG ITS USE OF THE WORD "BAN" IN ITS ARTICLES OF
BER 17 ON THE MLA'S ACTIONS POLITICAL PARTIES
AN ERRONEOUS TRANSLATION FROM URDU. PARTIES, WHI
R SAID, HAVE BEEN "DISSOLVED." FURTHER EVIDENCE
HIS WAS THE USE OF THE WORD "DEFUNCT" AS AN
CTIVE BEFORE THE NAME OF ANY PARTY MENTIONED IN
PRESS IN OCTOBER 18 EDITIONS OF ALL PAPERS.

O QUETTA NEWSPAPERS HAVE BEEN BANNED.

THE MARTIAL LAW ADMINISTRATION HAS MOVED TO
NGTHEN ITS INSTRUMENTS FOR CONTROL OF PUBLIC ORDER:

DIRECTIVES HAVE BEEN ISSUED FOR THE PUBLIC TO
OSIT UNLICENSED FIREARMS WITH THE MARTIAL LAW AUTHORITIES;
LTY FOR NON-COMPLIANCE IS SEVERE, AND SEARCH TEAMS
BEEN AUTHORIZED TO FERRET OUT WEAPONS CACHES;

THE MARTIAL LAW ADMINISTRATORS/GOVERNORS OF THE
JAB AND BALUCHISTAN HAVE ISSUED TOUGH STATEMENTS
DLINED IN PAK TIMES) TO THE EFFECT THAT BRARDING,
ITEERING, BRIBERY, AND OTHER CRIMES WILL BE SEVERELY
ISHED;

MOBILE COURTS HAVE BEEN SET UP IN RAWALPINDI, AND
E ARE QUICKLY TRYING AND SENTENCING OFFENDERS. THERE
NEWSPAPER ACCOUNTS FROM OTHER AREAS OF PUBLIC FLOGGINGS
ORMED ON THE SPOT AFTER SENTENCING BY SUMMARY MILITARY
TS; AND,

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...LHR/AMCONSUL LAHORE 6746
...LO/AMEMBASSY LONDON 4291
...BAE/AMEMBASSY NEW DELHI 1538
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C O N F I D E N T I A L SECTION 2 OF 2 ISLAMABAD 11908

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4. (C) CONGEN KARACHI REPORTS THAT THE PUBLIC REACTION TO THE STRINGENT NEW MEASURES ON OCT 17 SEEMED TO BE ONE OF RESIGNATION AND ACQUIESCENCE RATHER THAN REBELLION. BUSINESS LEADERS ACCLAIMED THE PRESIDENT'S NEW ECONOMIC PRIORITIES, AND THE PAK TIMES ON OCTOBER 17 PRINTED FAVORABLE COMMENTS FROM THE HEAD OF THE PAKISTAN CHAMBER OF COMMERCE AND INDUSTRY. BECAUSE CENSORSHIP IS NOW IN EFFECT, HOWEVER, IT IS DIFFICULT TO DETERMINE THE OUTLOOK OF THE MEDIA OPINION LEADERS. THOSE POLITICIANS WHO ARE FREE ARE EITHER NOT TALKING TO THE PRESS, OR THE PRESS IS NOT PRINTING POLITICAL STATEMENTS. CONGEN KARACHI REPORTS THAT ITS CONTACTS HAVE NOT BEEN GREATLY SURPRISED BY THE POSTPONEMENT OF ELECTIONS, BUT ALL ARE SOMEWHAT BEMUSED BY THE STRICT BAN ON ALL POLITICAL ACTIVITY. PESHAWAR REPORTS SOME ANTI-REGIME POSTERS OVERNIGHT AROUND THE UNIVERSITY, AND WE UNDERSTAND STUDENT HOSTELS IN THE CAPITAL AREA ECHOED WITH SOME ANTI-REGIME SHOUTING AND SLOGANS ON THE NIGHT OF THE 17TH.

5. (LOU) CONGEN LAHORE REPORTS IT WAS BUSINESS AS USUAL IN LAHORE ON THE 17TH AND QUIET TODAY AS WELL. IN PRIVATE CONVERSATIONS, THERE WAS "ANGER OVER ZIA'S BALD MANIPULATION OF THE POLITICAL PROCESS AND A SERIOUS CONCERN THAT MARTIAL LAW IN THE LONG-RUN MAY EXACERBATE RATHER THAN CALM POLITICAL TENSIONS. SPECIFICALLY," THE CONSULATE'S REPORT CONTINUES, "PEOPLE ARE WORRIED MORE ABOUT RISING PRICES, BUREAUCRATIC CORRUPTION, AND THE INCREASING INCIDENCE OF VIOLENT CRIME THAN THEY ARE ABOUT ELECTIONS, AND THERE IS A FEAR THAT IF THESE SOCIAL AND ECONOMIC PROBLEMS ARE NOT IMPROVED BY ZIA'S EXPANDED MARTIAL LAW, A POLITICAL EXPLOSION IS SOMEDAY INEVITABLE, JUST AS THE 1960S WHEN AYUB KHAN'S MARTIAL LAW WAS FOLLOWED BY TURMOIL AND EVEN CIVIL WAR."

(C) IN ADDITION TO CHARGE KING, THE PRESIDENT PERSONALLY BRIEF AMBASSADORS FROM THE USSR, CHINA, INDIA, THE U.K., CANADA, JAPAN, SAUDI ARABIA, AND FRANCE ON THE BACKGROUND TO HIS DECISIONS. ALL WITH WHOM WE HAVE SPOKEN DESCRIBE ZIA AS UPBEAT; ONE OF THE AMBASSADORS LATER SHARED WITH POLCOUNS ZIA'S CONFIDENTIAL REMARK THAT THE JAMAAT-I-ISLAMI (JI) HAD URGED HIM, BEFORE HIS SPEECH, TO CANCEL ELECTIONS, THE JI'S PUBLIC PROTESTATIONS AND PREPARATIONS NOTWITHSTANDING.

(U) PRESS REACTION TO THE SPEECH AND THE IMPLEMENTATING MEASURES HAS PREDICTABLY BEEN CAUTIOUS. URDU DAILIES NAWA-I-WAQT AND JANG -- BOTH PRIVATE AND BOTH WITH LARGE CIRCULATIONS-- AVOID CRITICISM BY NOTING ZIA'S ACTIONS WERE NOT UNEXPECTED; BOTH PLEAD, HOWEVER, FOR A S SHORT A PERIOD OF RENEWED MARTIAL LAW AS POSSIBLE. GOVERNMENT-OWNED PAKISTAN TIMES LEADS WITH AN EDITORIAL (TEXT TOUCHED SEPARATELY TO DEPARTMENT AND OTHERS) WHICH REMAINS AS AN EFFUSIVE APOLOGIA FOR THE GOVERNMENT'S, ESPECIALLY THE PRESIDENT'S ACTIONS, GIVING HIM FULL MARKS FOR HIS PATIENCE AND HIS EFFORTS TO CARRY OUT HIS PROMISED ELECTIONS BEFORE MAKING WHAT THEY CALL THE "UNAVOIDABLE DECISION." HAVING PAID THIS BOW, EDITORIAL THEN NOTES THAT IT IS NOT ENOUGH SIMPLY TO BAN PARTIES, ETC. THAT PRODUCES A PERIOD OF "TEMPORARY " PEACE", WITH WHICH PAKISTAN IS "RICH IN EXPERIENCE, AND THEN A SUBSEQUENT "STORM." PAPER URGED GOVERNMENT AND THE PEOPLE TO GET TO WORK TO "USE THE INTERVAL AS AN OPPORTUNITY TO GORGE A POLITY SUITABLE TO THE NATIONAL GENIUS, " A FORMULATION THE PAPER HAS USED BEFORE.

KING

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C O N F I D E N T I A L TEH

DE RUQMHR #1141 294 **
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TO RUEHC/SECSTATE WASHDC IMMEDIATE 4359
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E.O.12065: GDS 10/21/8 (SENS, A.D.) OR-E
TAGS: EAGR, EFIN, PK, I
SUBJECT: PL480 EXPORT WAIVER FOR PAKISTAN

REF: ISLAMABAD 11898

1. (C-ENTIRE TEXT)

2. WE APPRECIATE EMBASSY ISLAMABAD'S POINT THAT IRAN SHOULD BUY WHEAT SEED FROM COMERCIAL SOURCES RATHER THAN PL480 RECIPIENTS. HOWEVER, THERE ARE ASPECTS OF THE SITUATION HERE THAT DESERVE CONSIDERATION BEFORE TURNING DOWN THE PAKISTANI REQUEST FOR AN EXPORT WAIVER. ~~DOWN THE PAKISTANI REQUEST FOR AN EXPORT WAIVER.~~

3. THE PGOI FOR POLITICAL REASONS HAS GIVEN A HIGH PRIORITY TO BEING SEEN TO REDUCE IRAN'S DEPENDENCE ON THE WEST, AND PARTICULARLY ON THE U.S. HOWEVER, THE NEW REGIME FINDS THIS A DIFFICULT TASK, AND TENDS TO SUSPECT US OF CONTRIBUTING TO THE MANY FACTORS FRUSTRATING THEIR EFFORTS.

4. IN THIS CASE THE PGOI WANTS TO BE ABLE TO SAY IT BOUGHT WHEAT SEED FROM PAKISTAN. BY APPROVING THE SALE, WE WOULD EXPRESS "SYMPATHY" FOR THE OBJECTIVES OF THE REVOLUTION -- SOMETHING WE ARE ACCUSED OF TALKING ABOUT BUT NOT ACTING ON. WE WOULD LOSE NOTHING IN REAL TERMS.

5. BY DISAPPROVING THE SALE WE GIVE THOSE WHO ARE LOOKING FOR "EVIDENCE" THAT WE ARE INSINCERE WHEN WE SAY WE WANT TO WORK WITH THE NEW REGIME GRIST FOR THEIR MILL. THE PGOI WILL KNOW THAT WE BLOCKED THE SALE EVEN THOUGH THE ALTERNATIVE IS NOT A PURCHASE FROM THE U.S. THE POINT THAT PAKISTAN SHOULD NOT BE SELLING WHEAT SEED WHEN IT IS GETTING WHEAT ON NON-COMMERCIAL TERMS WILL BE LOST HERE.
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RUSBRA/AMEMBASSY JIDDA 925
RUSBLK/AMEMBASSY KABUL 9781
RUSBKR/AMCONSUL KARACHI 8941
ZEN/AMCONSUL LAHORE 5749
ZEN/AMCONSUL PESHAWAR
RUEHC/AMEMBASSY LONDON 4292
RUSBAE/AMEMBASSY NEW DELHI 1542
RUQMHR/AMEMBASSY TEHRAN 5473
RUHBPQA/CINCPAC HONOLULU HI
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C O N F I D E N T I A L ISLAMABAD 11923

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CINCPAC FOR POLAD

E.O. 12065: RDS4 10/20/95(HAJEBTY, H.G.) OR-P
TAGS: PINT, PGOV, SHUM, MPOL, PK
SUBJ:(C) JOURNALIST SAYS ZIA PLANS NATIONAL GOVERNMENT AFTER REFERENDUM ON ISLAMIC GOVERNMENT

REF(A) ISLAMABAD 11843(B) ISLAMABAD 11815

1.(C) M.A. MANSURI, "DAWN" ISLAMABAD CORRESPONDENT -- AMONG MOST KNOWLEDGABLE AND WELL-SOURCED JOURNALISTS IN TOWN -- TOLD EMBOFF SHERMAN OCT 19 THAT PRESIDENT ZIA UL-HAQ INTENDS TO MOVE PAKISTAN TOWARD WHAT IS BEING DESCRIBED AS A "NATIONAL GOVERNMENT"(NG), PROBABLY SOMETIME EARLY IN THE NEW YEAR. MANSURI PREDICTED METHOD TO BE USED WILL BE A PRELIMINARY REFERENDUM IN WHICH THE PAKISTANI VOTER WILL BE PRESENTED WITH A SIMPLE BINARY CHOICE BETWEEN AN "ISLAMIC" FORM OF GOVERNMENT AND A "NON-ISLAMIC" FORM. MANSURI CHARACTERIZED THIS AS "STACKING THE DECK," AS PAKISTANIS COULD NO MORE VOTE AGAINST ISLAM THAN AMERICANS COULD AGAINST APPLE PIE.

2.(C) ONCE THE REFERENDUM IS COMPLETED, MANSURI SAID, THE PRESIDENT CAN CLAIM HE HAS AN OVERWHELMING MANDATE TO FORM A GOVERNMENT. HE WILL THEN CALL TOGETHER POLITICAL AND MILITARY LEADERS FROM WHOM HE WILL PUT TOGETHER A "NATIONAL GOVERNMENT."

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3.(C) MANSUR SAID ZIA HAS THE AGREEMENT OF THE MILITARY LEADERSHIP FOR THIS COURSE OF ACTION AND THAT IT WAS ONE OF THE "SOPS" USED TO ENLIST SUPPORT FROM THE SENIOR GENERALS FOR HIS OCT. 16 CANCELLATION OF GENERAL ELECTION: THE GENERALS, HOWEVER, INSISTED (AND OBTAINED ZIA'S AGREEMENT TO REQUIRE) PARTICIPANTS IN THE FUTURE NG TO SEVER TIES WITH THE MILITARY. THIS, MANSURI, SIAD, WOULD INCLUDE ZIA HIMSELF, WHO WILL HAVE TO RESIGN AS CHIEF OF ARMY STAFF(COAS). ZIA REPORTEDLY AGREED TO THIS WITH PROVISO THAT HE WOULD NAME NEW COAS WHO WOULD NOT, RPT NOT, BE THE NEXT IN SENIORITY. MANSURI SAID ZIA WANTS TO PASS THE COAS MANTLE TO THE RELATIVELY JUNIOR LGEN RAHIMUDDIN KAHN, ZIA FAVORITE, PRESENTLY BALUCHISTAN GOVERNOR AND COMMANDER OF THE SECOND CORPS IN QUTEE (AND THE FATHER OF AIZ'S SON'S WIFE).

4. (C) MANSURI SAID POINTS OF REFERENDUM PLAN CAME OUT OF ZIA'S MEETING OCTOBER 18 AND 19 WITH PAKISTANI EDITORS. HE HAD FLESHED-OUT PROPOSAL THROUGH SOURCES "CLOSE TO (MLA) AND SAID NO PLAN DETAILS CAME FROM SAME SOURCE.

5.(U) "DAWN" OCT. 20 CARRIES REPORT ON EDITORS' MEETING WITH ZIA IN WHICH THE REPORTED REFERENDUM PLAN IS MENTIONED IN CONTEXT OF ZIA'S STATEMENT THAT HE "WOULD SEEK A MANDATE FROM THE PEOPLE" TO TAKE THE STEPS NECESSARY TO PROTECT THE "NEW ORDER" HE INTRODUCED ON OCT 16.

6.(C) COMMENT: MANSURI SAID HE WOULD NOT PUBLISH THE REST OF THE STORY AS HE IS PARTICULARLY SENSITIVE RIGHT NOW DUE TO THE NEW CENSORSHIP RULES AND THE RISE IN PUBLIC FLOGGINGS TAKING PLACE AROUND THE COUNTRY.(TO OUR KNOWLEDGE, NO JOURNALIST HAS BEEN FLOGGED, PUT FOR THE FIRST TIME, THE PRESS THIS MORNING REPORTS THE PUBLIC FLOGGING OF THREE POLICE CONSTABLES WHO WERE JUDGED GUILTY OF ACCEPTING BRIBES).

7. (C) MANSURI'S INFORMATION ON THE PROPOSED FORMATION OF A NEW TYPE OF NATIONAL GOVERNMENT CORRESPONDS TO WHAT WE HAVE HEARD FROM OTHER SOURCES (REF B). ZIA AND OTHERS HAVE DEMONSTRATED AN INTEREST IN THIS TYPE OF NON-PARTISAN FORMAT, AND IN THE PAST HE HAS SEEMED TO HAVE IN MIND THE EXAMPLE OF THE NATIONAL GOVERNMENT WHICH RAN THE UK DURING WORLD WAR II. HIS EFFORTS TO BRING OFF A NATIONAL GOVERNMENT DURING THE PROLONGED NEGOTIATIONS WITH PARTIES IN 1978 WERE A NOTABLE FLOP.

8.(C) ZIA CLEARLY WOULD HAVE PROBLEMS WITH STEPPING DOWN FROM HIS COAS POSITION; THE ARMY IS HIS MOST

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IMPORTANT CONSTITUENCY AND ONLY REAL BASE OF POWER. HE WOULD ATTEMPT TO AVOID AT ALL COSTS SETTING UP AN IMPORTANT RIVAL IN THE COAS POSITION - WHICH IS WHAT THE APPOINTMENT OF ONE OF THE SENIOR LGENS COULD CREATE; SEVERAL OF THOSE NOW SERVING AS LGEN WERE, IN FACT, SENIOR TO ZIA WHEN ZIA WAS APPOINTED COAS IN 1976 BY THEN-PRIME MINISTER BHUTTO. RAHIMUDDIN AND ZIA ARE CLOSE, AND THE FAMILY LINKAGE WITH ECHOES OF THE FAMILY RELATIONSHIP BETWEEN FIELD MARSHAL AYUB KHAN AND HIS ARMY CHIEF,-- GENERAL HABIBULLAH -- MAKES THE IDEA AS ATTRACTIVE TO ZIA AS IT IS UNATTRACTIVE TO THE OTHERS. A COMPROMISE CHOICE ON THIS IS POSSIBLE, BUT OUR GUESS IS THAT THIS ONE COMMITMENT -- IF INDEED HE IS OR FEELS COMMITTED -- THAT ZIA WILL BE IN NO HURRY TO MEET. END COMMENT.

9.(U) RUMORS MEANWHILE CONTINUE ABOUT A CABINET SHUFFLE IN THE IMMEDIATE FUTURE, AND THE URDU NAWA-E-WAQT HAS A REPORT THIS MORNING THAT MORE RATHER THAN FEWER MILITARY OFFICERS WILL BE BROUGHT IN (RATHER THAN EXCLUDED) FOR THE UPCOMING ROUND. APPOINTMENT OF NON-MILITARY PROVINCIAL GOVERNORS IS ALSO SAID TO BE IN THE OFFING. KING

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INFO RUMJPG/AMEMBASSY BEIJING 0388
RUFHOL/AMEMBASSY BONN 3299
RUSBLK/AMEMBASSY KABUL 0270
RUDTC/AMEMBASSY LONDON 0032
RUEHMO/AMEMBASSY MOSCOW 8189
RUSBAE/AMEMBASSY NEW DELHI 1994
RUFNPS/AMEMBASSY PARIS 1386
RUQMHR/AMEMBASSY TEHRAN 5135
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C O N F I D E N T I A L SECTION 01 OF 04 STATE 277901/01

E.O. 12065: RDS-1,3 10/22/99 (PECK, ROBERT A.)

TAGS: PEPR, AF, US, PK, IR, IN, UR, CH

SUBJECT: US-PAK TALKS: REGIONAL ISSUES

REFERENCES: (A) STATE 270484; (B) STATE 274950

1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY: OVER HALF OF THE FORMAL DISCUSSIONS BETWEEN THE PAKISTANI AND US DELEGATIONS OCTOBER 16-17 IN WASHINGTON WAS DEVOTED TO REGIONAL ISSUES. OUR ASSESSMENTS ON AFGHANISTAN WERE QUITE SIMILAR, THOUGH THE PAKISTANIS VIEWED THE THREAT IN SOMEWHAT MORE IMMEDIATE TERMS THAN DO WE. THE PAKISTANIS WERE FAIRLY RELAXED ABOUT THE STATE OF THE CURRENT RELATIONS WITH INDIA, BUT STILL CONSIDER INDIA TO BE PAKISTAN'S PRINCIPAL LONG-RANGE SECURITY THREAT. ON IRAN, SHAHI EMPHASIZED THE IMPORTANCE OF ESTABLISHING A PERSONAL EQUATION WITH KHOMEINI AND INDICATED THAT PAKISTAN WAS TRYING TO SAVE THE RCD IN THE FACE OF IRANIAN OPPOSITION. THE US STRONGLY REAFFIRMED ITS SUPPORT FOR PAKISTANI SECURITY, BUT WE INDICATED THAT OUR ABILITY TO EXPRESS THIS SUPPORT IN PRACTICAL TERMS WOULD REMAIN CONSTRAINED AS LONG AS OUR DIFFERENCES OVER THE NUCLEAR ISSUE WERE UNRESOLVED. THE US ALSO REAFFIRMED THAT IN THE EVENT OF AFGHAN AGGRESSION AGAINST PAKISTAN WE WOULD CONSIDER THE 1959 BILATERAL AGREEMENT TO BE RELEVANT (SEPTEL). DISCUSSION OF THE NUCLEAR ISSUE, CHINA AND THE INDIAN OCEAN ALSO COVERED IN SEPARATE TELEGRAMS. END SUMMARY.

3. THE FIRST DAY OF DISCUSSIONS BETWEEN THE US AND PAKISTANI DELEGATIONS AT THE DEPARTMENT (OCTOBER 16) WAS DEVOTED LARGELY TO REGIONAL ISSUES. ON THE PAKISTANI SIDE, THE DISCUSSION WAS LED BY FOREIGN AFFAIRS ADVISOR AGHA SHAHI AND FOREIGN SECRETARY SHAHNAWAZ, WITH SOME CONTRIBUTIONS BY THE SECRETARY GENERAL OF THE MINISTRY OF DEFENSE, GEN. GHULAM JILANI KHAN. ON THE US SIDE THE SECRETARY LED OFF WITH AN OPENING STATEMENT (REFTEL A) AND PARTICIPATED IN MUCH OF THE SUBSTANTIVE DISCUSSIONS. UNDER SECRETARY NEWSOM PROVIDED AN OVERVIEW OF US INTERESTS IN THE REGION.

4. AFGHANISTAN: THE TWO DELEGATIONS TRADED ASSESSMENTS OF THE INTERNAL AFGHAN SITUATION AND THE TTREAT AFGHANISTAN POSED TO PAKISTANI SECURITY. SHAHI SAID THAT THE AFGHAN REVOLUTION HAD AFFECTED PAKISTAN PROFOUNDLY. THE HISTORICAL ROLE OF AFGHANISTAN AS A BUFFER STATE HAD DISAPPEARED, AND PAKISTAN FOUND ITSELF ILL-PREPARED AND ILL-EQUIPPED TO MEET THE MILITARY THREAT. PAKISTAN DID NOT EXPECT AN IMMEDIATE INVASION, BUT WAS DEEPLY CONCERNED OVER THE LONG-TERM POTENTIAL FOR CROSS-BORDER SUBVERSION.

5. INTERNAL SITUATION: SHAHI SAID THAT THE MARXIST REGIME IN KABUL REMAINED "OFF BALANCE" IN THE FACE OF THE CONTINUING INSURGENCY AND INTERNAL PARTY AND MILITARY DISSIDENCE. THE POLITICAL BASE OF THE REGIME WAS EVEN NARROWER FOLLOWING AMIN'S INTERNAL COUP. AT THE SAME TIME, THE MILITARY AND POLITICAL HOLD OF THE SOVIET UNION ON AFGHANISTAN WAS STRONGER THAN EVER AND APPEARED TO BE GROWING. THE SOVIETS FOCUSED ON CONSOLIDATION OF THE REVOLUTION AND PERSONALITIES DID NOT MATTER. SOVIET AMBASSADOR PUZANOV HAD RECENTLY WARNED DEPARTING PAKISTANI AMBASSADOR PIRACHA THAT PAKISTAN SHOULD NOW THINK SERIOUSLY ABOUT CHANGING ITS POLICIES TOWARD AFGHANISTAN SINCE THE USSR WAS DETERMINED TO DEFEND THE REVOLUTION. PUZANOV SAID THAT BY SPRING THE SOVIET UNION WOULD HAVE CREATED A "NEW AFGHAN ARMY" THAT WOULD THEN BE IN A GOOD POSITION TO MOUNT AN EFFECTIVE MILITARY CAMPAIGN AGAINST THE INSURGENTS.

6. SHAHI ARGUED THAT ONCE THE REGIME HAD CONSOLIDATED ITS POSITION, IT WOULD TURN ITS NEWLY ACQUIRED MILITARY CAPABILITY AGAINST PAKISTAN. PAKISTAN VIEWED THE THREAT AS BEING ONE TO TWO YEARS OFF, DEPENDING ON THE PACE OF INTERNAL CONSOLIDATION IN AFGHANISTAN. THE TIME TO DO

SOMETHING WAS NOW.

7. THE PAKISTANIS INDICATED THEY WERE EVEN MORE UNCOMFORTABLE WITH AMIN'S ONE-MAN RULE THAN THEY HAD BEEN WITH THE PREVIOUS REGIME. WHILE AMIN HAD MADE SOME PUBLIC STATEMENTS, APPARENTLY AT SOVIET URGING, REGARDING A DESIRE FOR BETTER RELATIONS, HE HAD ALSO GIVEN CONTRARY SIGNALS. THE PAKISTANIS HAD BEEN PARTICULARLY CONCERNED BY THE PRESENCE OF EXILED PUSHTUN NATIONALIST LEADER AJMAL KHATTAK AT A RECENT PUBLIC MEETING IN KABUL, AT WHICH KHATTAK WAS GIVEN EQUAL STATUS WITH DIPLOMATIC REPRESENTATIVES ASSEMBLED TO HEAR OF PLANS FOR A NEW CONSTITUTION. SHAHNAWAZ CHARACTERIZED THE REGIME AS A MIXTURE OF PUSHTUN CHAUVINISM AND IDEOLOGICAL MISSIONARY ZEAL, A COMBINATION WICH POSED A DOUBLE THREAT TO PAKISTANI INTERESTS.
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RUSBLK/AMEMBASSY KABUL 0271
RUDTC/AMEMBASSY LONDON 0033
RUEHMO/AMEMBASSY MOSCOW 8190
RUSBAE/AMEMBASSY NEW DELHI 1995
RUFNPS/AMEMBASSY PARIS 1387
RUQMHR/AMEMBASSY TEHRAN 5136
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C O N F I D E N T I A L SECTION 02 OF 04 STATE 277901/02

8. THE PAKISTANIS DID NOT PLACE MUCH HOPE IN THEIR DIPLOMATIC DIALOGUE WITH AFGHANISTAN, BUT INDICATED THEY WOULD KEEP TRYING. SHAHI SAID HE DID NOT KNOW WHETHER THE INVITATION TO HIM TO VISIT KABUL WOULD BE RENEWED. IN ANY CASE, THE DIALOGUE SEEMED MORE IN THE AFGHAN INTEREST THAN IN PAKISTAN'S INTEREST. THE AFGHANS WANTED TO GET PAKISTAN TO FORCE THE REFUGEES BACK ACROSS THE BORDER (SHAHNAWAZ PRIVATELY SAID WHAT THE AFGHANS REALLY WANTED WAS THE EXPULSION OF REBEL LEADERS,. AND WERE NOT PREPARED TO TALK SERIOUSLY ABOUT ANY OTHER ISSUES. THEIR PURPOSE WAS TWO-FOLD. FIRST, THEY WOULD BE BETTER ABLE TO COPE WITH THE INSURGENCY IF THE PAKISTANI REFUGE WAS UNAVAILABLE AND, SECONDLY, THEY WANTED TO CREATE A SITUATION IN WHICH THEY COULD AGAIN POSE AS THE CHAMPIONS OF PUSHTUN NATIONALISM. IF THEY COULD FORCE PAKISTAN TO ABANDON THE REFUGEES, PAKISTAN WOULD BE DISCREDITED AND THE DRA WOULD HAVE A BETTER LONG-RANGE CHANCE TO RALLY THE TRIBES TO THEIR SIDE.

9. THE SECRETARY ASKED IF PAKISTAN SAW THE DANGER FROM AFGHANISTAN AS ONE OF LONG-RUN SUBVERSION OR DIRECT MILITARY AGGRESSION. SHAHI REPLIED THAT BOTH WERE A CONCERN, BUT WENT ON TO DISCUSS PRIMARILY THE SUBVERSIVE THREAT. THE AFGHANS, HE SAID, WERE GIVING UP ON THE OLDER GENERATION OF PUSHTUN NATIONALISTS AND WERE CONCENTRATING ON A YOUNGER GENERATION OF PUSHTUNS AND BALUCHI WHO WERE SHOWING MARXIST TENDENCIES. THE INTELLECTUAL SUBVERSION OF THE PAKISTANI PEOPLE WAS ALREADY SHOWING SOME SIGNS OF SUCCESS, AND MANY PAKISTANIS WERE SHIFTING THEIR ATTITUDES TOWARD AFGHANISTAN. WHEN THE AFGHAN COUP FIRST OCCURRED, THERE WAS BROAD SUPPORT IN PAKISTAN FOR MEASURES TO HELP THE REFUGEES AND ASSIST THE INSURGENTS. MANY PAKISTANIS WERE NOW COMING AROUND TO THE VIEW THAT

AFGHANISTAN -- AND THE SOVIETS THROUGH AFGHANISTAN -- NEEDED TO BE "ACCOMMODATED" SINCE PAKISTAN HAD BEEN UNABLE TO ACQUIRE ADEQUATE OUTSIDE SUPPORT. SOME PAKISTANI TRIBESMEN ARGUED THAT IT WAS PAKISTAN'S DUTY TO FIGHT THE ANTI-ISLAMIC AND MARXIST REGIME IN KABUL BUT, IF THE GOP WAS TOO AFRAID OF THE RUSSIANS TO DO SO, THEN PAKISTAN SHOULD MAKE ITS PEACE WITH THE SOVIET UNION. PAKISTANI LEADERS WORRIED THAT, IF AFGHANISTAN PUT PRESSURE ON PAKISTAN IN THE PRESENT SITUATION (E.G., BY A POLICY OF HOT PURSUIT ACROSS THE BORDERS, DISTRIBUTION OF ARMS IN BALUCHISTAN OR PROVOKING AN INSURGENCY), PAKISTAN WOULD BE IN A VERY DIFFICULT POSITION.

10. ASKED IF PAKISTAN ANTICIPATED THE DIRECT PARTICIPATION OF SOVIET TROOPS IN PUTTING DOWN THE INSURGENCY, SHAHNAWAZ SAID HE COULD NOT GIVE A CATEGORICAL ANSWER. THE SOVIETS CLEARLY WOULD GIVE WHATEVER ASSISTANCE WAS NECESSARY TO AFGHANISTAN, INCLUDING MILITARY AID. HE THOUGHT THEY WOULD TRY TO LIMIT THE PARTICIPATION OF SOVIET TROOPS TO ADVISORY AND SUPPORT ROLES. ASKED IF PAKISTAN HAD ANY EVIDENCE OF THE USE OF SOVIET CENTRAL ASIAN TROOPS MINGLED IN WITH AFGHANS, SHAHNAWAZ OBSERVED THAT THE SOVIETS HAD THIS CAPABILITY. HE THOUGHT IT UNLIKELY THAT THE SOVIET UNION WOULD USE CUBANS IN AFGHANISTAN SINCE THEY HAD THEIR OWN CENTRAL ASIAN TROOPS TO DRAW ON WHO WERE CULTURALLY MORE ASSIMILABLE.

11. ASKED IF THE PAKISTANIS SAW CHINA AS PLAYING A MAJOR ROLE IN CONTAINING GROWING SOVIET INFLUENCE IN AFGHANISTAN, SHAHI SAID THEY DID NOT. THEY HAD ON SEVERAL OCCASIONS TALKED WITH THE CHINESE ABOUT AFGHANISTAN, BUT THE CHINESE FELL BACK ON AN IDEOLOGICAL ANALYSIS FROM WHICH THEY CONCLUDED THAT THE AFGHAN PEOPLE WOULD ULTIMATELY BE VICTORIOUS. THE CHINESE HAD ADOPTED A HANDS-OFF POLICY. THERE WERE ALLEGATIONS THAT THE INSURGENTS WERE RECEIVING ARMS FROM THE CHINESE, BUT PAKISTAN HAD NO EVIDENCE OF THIS.

12. INDIA: THE EXCHANGE ON INDIA CONTAINED NO SURPRISES. THE PAKISTANIS VOICED FAMILIAR CONCERNS ABOUT LONG-RANGE INDIAN INTENTIONS AND INDICATED THAT THEY CONTINUE TO CONSIDER INDIA THE PRINCIPAL THREAT TO PAKISTANI SECURITY, DESPITE THE IMMEDIACY OF THEIR PROBLEMS WITH AFGHANISTAN.

13. SHAHI NOTED THAT PAKISTAN'S RELATIONS WITH INDIA WERE MORE "TENSION-FREE" THAN AT ANY TIME IN THE PAST. THEY GAVE CONSIDERABLE CREDIT TO FORMER PRIME MINISTER DESAI, AND WERE PARTICULARLY APPRECIATIVE OF DESAI HAVING STOOD UP TO BREZHNEV AND KOSYGIN IN MOSCOW BY REFUSING TO PUT

PRESSURE ON PAKISTAN OVER AFGHANISTAN. THIS WAS, SHAHI SAID, A "HEALTHY DEVELOPMENT". THE PAKISTANIS NONETHELESS EXPRESSED CONSIDERABLE ANXIETY REGARDING THE POLICIES WHICH MIGHT BE PURSUED BY WHATEVER INDIAN GOVERNMENT WOULD EMERGE FROM THE NEXT ELECTION.

14. SHAHNAWAZ SAID THAT PAKISTAN HAD TRIED PARTICULARLY HARD IN RECENT MONTHS TO KEEP RELATIONS WITH INDIA AS SAT-
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RUDTC/AMEMBASSY LONDON 0034
RUEHMO/AMEMBASSY MOSCOW 8191
RUSBAE/AMEMBASSY NEW DELHI 1996
RUFNPS/AMEMBASSY PARIS 1388
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C O N F I D E N T I A L SECTION 03 OF 04 STATE 277901/03

ISFACTORY AS POSSIBLE IN VIEW OF THE SITUATION IN AFGHANISTAN. HE NOTED THAT, DURING HIS VISIT TO NEW DELHI IN MAY, HE HAD CONDUCTED PAKISTAN'S FIRST WIDE-RANGING EXCHANGE OF VIEWS WITH INDIAN OFFICIALS. ON AFGHANISTAN, HE HAD FOUND THE INDIANS EXTREMELY CAUTIOUS IN EXPRESSING THEMSELVES, POSSIBLY OUT OF FEAR THAT THEIR VIEWS WOULD GET BACK TO THE SOVIETS. SHAHNAWAZ SPECULATED THAT THE INDIANS ARE PROBABLY CONCERNED ABOUT THE DANGER WHICH SOVIET ADVANCES IN AFGHANISTAN POSES FOR INDIA ITSELF AND CANNOT BE PLEASED THAT AFGHANISTAN IS NO LONGER A BUFFER STATE. THESE CONCERNS, HOWEVER, HAD NOT REACHED THE POINT WHERE THE INDIANS WOULD ADMIT THEM OPENLY. NONETHELESS, PAKISTAN'S EXCHANGE OF VIEWS WITH INDIA ON THIS ISSUE MAY HAVE HAD SOME IMPACT. ASKED IF THE INDIANS HAD AT ANY TIME EXPRESSED THEIR CONCERNS TO THE SOVIETS ABOUT AFGHANISTAN, SHAHNAWAZ SAID HE THOUGHT THEY HAD NOT, BUT THAT THEY HAD DEMONSTRATED THIS CONCERN BY RESISTING SOVIET REQUESTS FOR PRESSURE ON PAKISTAN.

15. THE PAKISTANIS DEVELOPED THE THEME THAT THEY HAD HAD FULL AND FRANK DISCUSSIONS WITH INDIAN OFFICIALS ON THE NUCLEAR QUESTION AND THAT INDIA ACCEPTED PAKISTANI ASSURANCES OF PEACEFUL INTENT AT FACE VALUE. SHAHI RECOUNTED HIS DISCUSSIONS WITH INDIAN FOREIGN MINISTER MISHRA IN BOTH HAVANA AND NEW YORK IN WHICH SHAHI OFFERED TO GIVE WHATEVER ASSURANCES INDIA MIGHT REQUIRE IF INDIA HAD DOUBTS REGARDING THE NATURE OF PAKISTAN'S PROGRAM. SHAHI SAID HE ALSO EXPRESSED CONCERN OVER CHARAN SINGH'S RED FORT STATEMENT. MISHRA REPORTEDLY REPLIED THAT THIS HAD BEEN MADE IN THE HYPOTHETICAL CONTEXT OF A PAKISTANI NUCLEAR WEAPONS PROGRAM. SHAHI INDICATED THAT MISHRA WAS SATISFIED BY PAKISTANI ASSURANCES.

. SHAHNAWAZ CHIMED IN TO POINT OUT THAT THE RED FORT TEMENT CAME ONLY A FEW DAYS AFTER SENATOR PERCY'S MARKS IN CALCUTTA REGARDING THE POTENTIAL THREAT TO DIA'S CITIES OF A PAKISTANI BOMB. (WHILE HE DID NOT W THE CONCLUSION SHARPLY, SHAHNAWAZ SEEMED TO BE PLYING THAT THE US BORE SOME RESPONSIBILITY FOR CHAAN NGH'S OUTBURST.)

. SHAHNAWAZ ALSO DESCRIBED IN SOME DETAIL HIS CUSSION OF THE NUCLEAR ISSUE WITH INDIAN LEADERS, CLUDING FORMER PRIME MINISTER DESAI, IN DELHI LAST MAY. SAID DESAI MADE A "COMPLETELY UNAMBIGUOUS STATEMENT" AT HE WAS SATISFIED WITH PAKISTANI ASSURANCES. SHAHNAWAZ SO WENT OVER FAMILIAR GROUND ON THE DESAI-ZIA RESPONDENCE IN WHICH ZIA REPORTEDLY SUGGESTED A JOINT TEMENT RENOUNCING NUCLEAR WEAPONS AND DESAI COUNTERED H A PROPOSAL FOR UNILATERAL STATEMENTS WHICH WOULD HAVE EFFECT OF A JOINT STATEMENT. SHAHNAWAZ CONCLUDED AT, SINCE BOTH DESAI AND ZIA HAD STATED THAT THEY DID INTEND TO DEVELOP NUCLEAR WEAPONS, THE INDIANS WERE PARENTLY SATISFIED.

. IRAN: NEWSOM DESCRIBED US EFFORTS TO REASSURE THE W GOVERNMENT THAT WE ACCEPT THE REVOLUTION. WE HAD NOT I APPROACHED KHOMEINI DIRECTLY. IRAN'S REFUSAL TO CEPT OUR AMBASSADOR MADE COMMUNICATIONS MORE DIFFICULT D THE CONTINUING EXECUTIONS GAVE US A PUBLIC RELATIONS OBLEM. NEWSOM DESCRIBED SOVIET-IRANIAN RELATIONS AS LNSE".

. IN REPLY, SHAHI STRESSED THE IMPORTANCE OF HAVING A RSONAL EQUATION WITH KHOMEINI AND THE AYATOLLAH'S UCHINESS ABOUT CONTINUING ANY PROGRAM OR POLICY BEGUN THE SHAH. HE FELT THAT SENDING A DELEGATION TO KHOMEINI ULD BE THE ONLY WAY TO IMPROVE USRELATIONS WITH THE OI, BUT RECOGNIZED THAT THIS COULD BE DIFFICULT FOR US TERMS OF US PUBLIC OPINION.

. SHAHI MENTIONED THAT PGOI SUSPICIONS OF ANYTHING TABLISHED BY THE SHAH LED IT TO WANT TO ABOLISH THE RCD. SAID THAT PAKISTAN WAS TRYING TO SAVE THE ORGANIZATION. KISTAN WAS "EVALUATING" THE ROLE OF RCD, AND HOPED THAT E RESULTS OF THIS STUDY WOULD PERSUADE THE IRANIANS THAT E RCD HAD UTILITY IN FURTHERING REGIONAL ECONOMIC OPERATION.

. IN RESPONSE TO A QUESTION, SHAHI NOTED THAT IT WOULD T BE EASY TO SET UP A NEW REGIONAL ECONOMIC INSTITUTION. E PERSIAN GULF SHAIKHDOMS, WHICH WOULD LOGICALLY BE CLUDED IN A NEW ORGANIZATION, WERE UNEASY ABOUT THE VOLUTION IN IRAN AND WOULD THEREFORE PROBABLY BE NERVOUS OUT AN ORGANIZATION WHICH LINKED THEM WITH IRAN AND HICH HAD IRAN IN SOME SORT OF LEADERSHIP POSITION.

. PAKISTAN: OPENING THE DISCUSSION ON PAKISTAN'S CURITY REQUIREMENT NEWSOM SAID HE WOULD LIKE TO KNOW W THE GOP THOUGHT WE COULD ASSIST PAKISTAN "IF WE ARE

LE TO RESOLVE THE PROBLEMS THAT CONFRONT US". NEWSOM NDICATED THAT THE US VIEWED PAKISTAN'S SECURITY REQUIRE-

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INFO RUMJPG/AMEMBASSY BEIJING 0391
RUFHQL/AMEMBASSY BONN 3302
RUSBLK/AMEMBASSY KABUL 0273
RUDTC/AMEMBASSY LONDON 0035
RUEHMO/AMEMBASSY MOSCOW 8192
RUSBAE/AMEMBASSY NEW DELHI 1997
RUFNPS/AMEMBASSY PARIS 1389
RUQMHR/AMEMBASSY TEHRAN 5138
BT
C O N F I D E N T I A L FINAL SECTION OF 04 STATE 277901/0

MENTS AS FALLING INTO THREE GENERAL CATEGORIES:

(A) THE DEVELOPMENT OF A HEALTHY BODY POLITIC AND THE SEARCH FOR BALANCED ECONOMIC DEVELOPMENT WERE FUNDAMENTAL TO ANY COUNTRY'S SECURITY. OBVIOUSLY THESE ARE ISSUES ON WHICH ONLY PAKISTANIS THEMSELVES CAN MAKE DECISIONS, BUT OTHER COUNTRIES CAN PROVIDE ECONOMIC AND TECHNICAL HELP TOWARD REACHING THESE GOALS.

(B) AN ADEQUATE MILITARY DEFENSE. OUR PERCEPTIONS OF WHAT IS ADEQUATE MAY DIFFER SOMEWHAT, BUT WE DO AGREE THAT CONSIDERABLE MODERNIZATION AND UPGRADING OF EQUIPMENT IS BADLY NEEDED. THESE REQUIREMENTS, HOWEVER, HAD TO BE WEIGHED AGAINST THE NEED FOR SOUND ECONOMIC DEVELOPMENT.

(C) IN THE DIPLOMATIC ARENA, A COUNTRY WITH LIMITED RESOURCES SUCH AS PAKISTAN ADDS TO ITS SECURITY VERY SIGNIFICANTLY BY SUSTAINING A NETWORK OF EXTERNAL TIES WHICH HELP TO BALANCE THOSE FORCES PAKISTAN FINDS INIMICAL TO ITS INTERESTS. OVER THE YEARS PAKISTAN HAD FOUND IT NECESSARY TO PURSUE A MIXTURE OF PRACTICAL DIPLOMACY DESIGNED TO LIMIT CONFRONTATIONS WITH ITS NEIGHBORS AND EFFORTS TO GAIN DIPLOMATIC SUPPORT AMONG OUTSIDE POWERS.

[redacted] WHILE THERE ARE SOME AREAS IN WHICH PAKISTAN OF
[redacted]CESSITY WOULD HAVE TO DEPEND PRINCIPALLY ON ITS OWN
[redacted]OURCES, THE US HAD IN THE PAST TRIED TO BE RESPONSIVE
[redacted] ALL THREE GENERAL AREAS. TO THE EXTENT OUR OVERALL
[redacted]ATIONS PERMIT IT, WE WOULD LIKE TO CONTINUE OUR SUPPORT
[redacted]EACH OF THESE AREAS.

[redacted]. PICKING UP THE THEME OF A "MIX" OF MILITARY AND
[redacted]PLOMATIC MEASURES, SHAHI ASKED WHAT THE US WAS PREPARED
[redacted] DO TO ENHANCE PAKISTAN'S DEFENSE CAPABILITY. NEWSOM
[redacted]SCRIBED THE LEGISLATIVE CONSTRAINTS ON OUR AID PROGRAM
[redacted]D NOTED PROBLEMS WITH MAJOR MILITARY SALES REQUIRING
[redacted]NGRESSIONAL ACQUIESCENCE. THE PAKISTANIS MADE CLEAR THAT
[redacted]DIA REMAINED THE PRINCIPAL THREAT AGAINST WHICH PAKISTAN
[redacted]ST PLAN ITS DEFENSE, AND SUGGESTED THAT THE ABSENCE OF A
[redacted]OD FIGHTER AIRCRAFT, SUCH AS F-16S, WAS THEIR KEY
[redacted]AKNESS. IN A DISCUSSION OF THE DIPLOMATIC ELEMENTS OF
[redacted]KISTANI SECURITY, THE US SIDE STRESSED ITS INTENTION TO
[redacted]NTINUE TO TAKE INTO ACCOUNT PAKISTAN'S INTERESTS IN THE
[redacted]NAGEMENT OF ITS RELATIONS WITH THE MAJOR CONTINENTAL
[redacted]WERS OF ASIA. WE ALSO SAID WE WOULD CONTINUE TO USE OUR
[redacted]FLUENCE IN NEW DELHI TO ENCOURAGE INDIAN RESTRAINT AND
[redacted]OPERATION WITH PAKISTAN. ON AFGHANISTAN, HE SAID WE

[redacted]ULD USE WHATEVER LEVERAGE WE HAD IN KABUL TO ENCOURAGE
[redacted]GHAN RESTRAINT RELATIVE TO PAKISTAN, AND THAT WE WOULD
[redacted]NTINUE TO IMPRESS UPON THE SOVIETS THAT WE EXPECT THEM
[redacted] RESPECT AFGHAN INDEPENDENCE AND TO REFRAIN FROM INTER-
[redacted]RING IN AFGHAN INTERNAL AFFAIRS. THE US SIDE
[redacted]CIFICALLY AFFIRMED THAT THE 1959 BILATERAL AGREEMENT
[redacted]TH PAKISTAN WOULD BE RELEVANT IN THE EVENT OF AGGRESSION
[redacted]ON AFGHANISTAN. (FULLER DISCUSSION OF THIS SUBJECT IN
[redacted]TEL.) VANCE

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RUQMHR/AMEMBASSY TEHRAN 5486
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LIMITED OFFICIAL USE ISLAMABAD 12276

E.O. 12065: NA
TAGS: EFIN EAID EAGR PK
SUBJECT: TERMS OF IRANIAN RESCHEDULING MADE PUBLIC

REF: (A) ISLAMABAD 9549 (B) ISLAMABAD 10656

1. THE TERMS OF THE RESCHEDULING OF THE $580 MILLION IRANIAN LOAN HAVE NOW BEEN MADE PUBLIC. THE ORIGINAL TERMS OF THE LOAN CALLED FOR 10 EQUALN SEMI-ANNUAL PAYMENTS FOLLOWING A [illegible] YEAR GRACE PERIOD.
THE GRACE PERIOD, NOW EXTENDED TO FIVE YEARS, WILL END IN DECEMBER OF 1979 AND THE NEW PAYMENT SCHEDULE CALLS FOR 22 EQUAL SEMI-ANNUAL PAYMENTS.

2. THESE TERMS ARE THE ONES WE HAD HEARD ABOUT EARLEIR (REFTEL A) AND WERE IMPLICITLY TAKEN INTO ACCOUNT IN THE DEBT FIGURES GIVEN TO US BY THE GOP AND USED IN OUR BALANCE OF PAYMENTS FORECAST (REFTEL B).

3. USING THE NEW REPAYMENT SCHEDULE AND A 2.5 PERCENT INTEREST RATE GIVEN TO US BY THE MOF, EACH SEMI-ANNUAL PAYMENT COMES OUT TO BE $30.3 MILLION.

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